DOCUMENT RESUME

ED 369 423 JC 940 114

AUTHOR	Eaton, Judith, Ed.
TITLE	Financing Nontraditional Students: A Seminar Report.
INSTITUTION	American Council on Education, Washington, D.C.
PUB DATE	92
NOTE	96p.
AVAILABLE FROM	Publications Department FNS, American Council on Education, One Dupont Circle, Washington, DC 20036 ($10 prepaid).
PUB TYPE	Collected Works - General (020) -- Viewpoints (Opinion/Position Papers, Essays, etc.) (120) -- Reports - Research/Technical (143)
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Access to Education; Adult Students; *Change Strategies; Community Colleges; *Educational Finance; *Nontraditional Students; Program Improvement; *Student Characteristics; *Student Financial Aid; Two Year Colleges

ABSTRACT

On September 27, 1991, a seminar was held by faculty, administrators, and other higher education practitioners to discuss financial aid issues related to the almost 11 million nontraditional students in the nation's colleges and universities. This monograph describes those issues and presents four papers that formed the background to seminar discussions. First, an overview is provided, defining nontraditional students as those who are either part-time, older than 22, pursuing clock-hour rather than credit-hour instruction, independent of parents, or have not received a high school diploma or equivalent. This section also highlights the key issues addressed, including the failure of Title IV programs to serve all segments of the nontraditional population and strategies to more adequately meet the financial needs of these students. The bulk of the document presents the following background papers to the seminar: (1) "How the Nontraditional Student Finances Her Education," by Laurent Ross and Diane Hampton, describing the demographic and academic characteristics of the nation's nontraditional students and patterns of financing; (2) "Improving College Access for Needy Adults Under Existing Federal Programs," by Lawrence N. Gold, exploring areas in which aid programs could treat adult students more fairly and ways of removing obstacles to adult participation in college; (3) "Nontraditional Financing for Nontraditional Students," by Arthur M. Hampton, discussing the forms of assistance that would be most effective in helping different groups of nontraditional students; and (4) "The Financial Needs of Nontraditional Students: What We Know and What We Can Do," by Martin Kramer, proposing the creation of three categories of nontraditional students to help ensure fair treatment for all. (KP)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

J. Eaton

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

ED 369 423

JC 940 114

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

Financing Nontraditional Students
List of Participants

Lucky J. Abernathy
The College Board

Robert Atwell
American Council on Education

Orlo Austin
U.S. Senate

Clyde Aveilhe
City University of New York

Linda Berkshire
National Association of Independent Colleges and Universities

Charles Bunting
Chancellor
Vermont State Colleges System

Judith S. Eaton
American Council on Education

Ed Elmendorf
American Association of State Colleges and Universities

Lawrence Gold
Public Policy Advocates

Diane Hampton
American Council on Education

Arthur Hauptman
American Council on Education

Kay J. Kohl
National University Continuing Education Association

David Longanecker
Colorado Commission on Higher Education

A. Dallas Martin
National Association of Student Financial Aid Administrators

Maureen McLaughlin
U.S. Department of Education

Michael McPherson
Williams College

Frank Mensel
American Association of Community and Junior Colleges

Jamie Merisotis
National Commission on Responsibilities for Financing Postsecondary Education

Lee Myers
California Community Colleges

Barmack Nassirian
American Association of State Colleges and Universities

David Pierce
American Association of Community and Junior Colleges

Paula Reeder
Sallie Mae

Laurent Ross
American Council on Education

Charles Saunders
American Council on Education

Bob Shireman
U.S. Senate

The Honorable Peter Smith
Dean, School of Education
George Washington University

Henry Spille
American Council on Education

Terri Williams
Office of Management and Budget

FINANCING NONTRADITIONAL STUDENTS: A SEMINAR REPORT

Judith Eaton, *Editor*

Sponsored by:
The American Council on Education

Copyright © 1992 by
American Council on Education

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without permission in writing from the Publisher.

American Council on Education
One Dupont Circle
Washington, D.C. 20036

Additional copies of this publication may be purchased from the American Council on Education for $10.00 postpaid. All orders must be prepaid by money order or check (made payable to the American Council on Education) and sent to:

Publications Department FNS
American Council on Education
One Dupont Circle
Washington, D.C. 20036

This publication was produced on a Macintosh II computer using Microsoft Word 4.0 and Aldus PageMaker 4.01 software.

Table of Contents

Seminar Overview

Judith S. Eaton 1

How the Nontraditional Student Finances Her Education

Laurent Ross and Diane Hampton 7

Improving College Access for Needy Adults Under Existing Federal Programs

Lawrence N. Gold 33

Nontraditional Financing for Nontraditional Students

Arthur M. Hauptman 47

The Financial Needs of Nontraditional Students: What Do We Know and What Can We Do?

Martin Kramer 63

Contributors

Judith S. Eaton is Vice President and Director of the National Center for Academic Achievement and Transfer, American Council on Education. She served as president of Community College of Philadelphia during 1983-89 and Clark County Community College (NV) during 1979-83. She is author of *The Unfinished Agenda: Higher Education and the 1980s.*

Lawrence N. Gold is President of Public Policy Advocates, Inc., an advocacy and policy analysis firm in Washington, D.C., specializing in education and health. Gold is the author of *Campus Roadblock: How Federal Policies Make It Difficult for Adults To Go To College; Tuition Formulas at Work;* and *States and Communities on the Move: Policy Initiatives to Create a World-Class Workforce.*

Diane C. Hampton is a Research Assistant in the Office of Legislative Analysis, American Council on Education (ACE). She has been with ACE 14 years, and has held various positions in the International Division and the Division of Governmental Relations. She holds a B.A. from California Lutheran University, and a Teacher's Certification from Bowie State University.

Arthur M. Hauptman has been an independent consultant since 1981, specializing in issues relating to higher education finance and federal budget policies. He has written extensively in the areas of student aid, college costs, and higher education finance generally. His recent work includes *The College Tuition Spiral*, a report to the College Board and the American Council on Education on why college costs have increased, and *The Tuition Dilemma*, published by the Brookings Institution, which examines various new ways of paying for college.

Martin Kramer is Editor-in-Chief of *New Directions for Higher Education.* Previously, he was a Senior Fellow of the Carnegie Council on Policy Studies in Higher Education and Director of Higher Education Planning at the U.S. Department of Health, Education and Welfare.

Laurent Ross is a Research Associate with the American Council on Education's (ACE) Office of Legislative Analysis. He has worked as a researcher at ACE for eight years. Prior to joining ACE, Ross served as a consultant to the governments of Jamaica and the Dominican Republic and worked as a research assistant at the Brookings Institution.

Financing Nontraditional Students
Seminar Overview

Judith S. Eaton

"Nontraditional" students constitute the majority population in the nation's colleges and universities. Based on full-year estimates, this population approaches 11 million. Who are these students? To what extent do the structure and scope of financial aid assist them in realizing their goals? What needs to be done to further assist these students in the future? During the past year, these and other questions about this growing student population within colleges and universities have been the focus of several conversations held by educators in various higher education associations in Washington, D.C.

To further pursue this issue, representatives of higher education associations, faculty, college administrators, and officials of government agencies were brought together by the American Council on Education to meet at the Brookings Institution in Washington, D.C. on September 27, 1991. The group considered important questions about nontraditional students based on the papers written by Laurent Ross and Diane Hampton, Lawrence Gold, Arthur Hauptman, and Martin Kramer that are presented in this monograph.

The authors of the papers and the participants in the seminar identified a number of important public policy questions relative to nontraditional students:

- How can higher education better accommodate a growing population of part-time students who attend several institutions over many years and whose educational goals include many variations on the theme of the traditional educational goal of degree acquisition?

- Should student characteristics such as age, sex, and income constitute the basis on which decisions about financing nontraditional students are made? Alternatively,

should individual student enrollment behavior and educational goals provide the basis for these decisions?

- Should higher education financing place the needs of traditional students before those of nontraditional students—on the theory that traditional students (who are younger) ought to be the primary focus of the nation's investment in higher education?

- What could or should be done to provide more adequate financing for nontraditional students in the future? Should this future financing evolve from existing efforts or are alternative mechanisms needed?

The authors provided seminar participants with a thoughtful foundation for discussion of future policy direction regarding aid for nontraditional students. Both presenters and participants saw themselves as initiating an important dialogue that could affect the future quality and adequacy of financial support for this rapidly growing student population within higher education.

■

How Do We Define "Nontraditional" Students?

Authors Ross and Hampton identify nontraditional students as having one of the following characteristics: either part-time, or older than 22, or pursuing clock hour rather than credit hour instruction, or financially independent of parents, or neither high school graduates nor GED recipients. They provide an alternative methodology by which to identify the numbers of these students. Relying on the National Postsecondary Student Aid Study (NPSAS) data for fall 1987, they attempt to document the number of students enrolled in higher education institutions during the entire calendar year. This contrasts with the snapshot method of enrollments for the fall of each year provided, for example, by the National Center for Education Statistics (NCES). Based on full-year estimates, Ross and Hampton identify 17 million students for 1987, with 11 million characterized as nontraditional.

Gold defines nontraditional students based on personal characteristics and enrollment behavior: those 24 or older and who had not completed an undergraduate education immediately following high school.

Hauptman defines nontraditional students based on a combination of student characteristics and living conditions: students are nontraditional if at least one of the following conditions pertain: they are older, working full time, attending school part time, financially independent of parental support, or not high school graduates.

Kramer prefers not to define nontraditional students. Instead, he describes them through three categories based on enrollment status and work: full-time students working half time or less in self-supporting jobs, part-time students who can work full time, and part-time students who cannot work full time.

The seminar participants struggled with these various definitions. Like the authors, they did not reach agreement on a definition or description of "nontraditional." Some pointed out that the term is confusing—something to be used as an umbrella for a variety of sometimes conflicting funding issues and concerns in higher education. Others challenged the viability of a distinction between "traditional" and "nontraditional"—they maintained that we should be talking about all students and effectively meeting their total financial need.

The seminar brought participants to the realization that the effectiveness of future policy decisions about nontraditional students would require coming to some agreement about how to describe these students. Disagreement about who these students are has hampered the capacity to build a viable financial assistance system. Participants shared the conviction that these disagreements should not preclude needed action at the federal level. The seminar also helped to clarify the generic elements that should be considered in future efforts to define nontraditional students: the conversation focused on student characteristics, living conditions, and how they use the higher education system as key elements.

■

Are Nontraditional Students Provided Adequate Assistance?

The authors do not provide an unequivocal answer to this question. Using the current definitions of financial need on which Title IV programs are based, Ross and Hampton conclude that federal financial assistance provided through Title IV of the Higher Education Act appears to serve *full-time* nontraditional students as effectively as traditional students. Part-time students are significantly less likely to get aid. Those who are nontraditional by virtue of age, type of instruction, dependency status, or high school completion are as likely to receive Title IV aid as traditional students.

Gold stresses the extent to which Title IV and other federal programs may contain barriers and thus may underserve nontraditional students. His paper focuses on the comparative fairness of Title IV aid programs for nontraditional students rather than on the question of whether they get enough aid. He concentrates on the issue of obstacles to college participation inherent in programs outside of Title IV. During the discussion, he indicated that both sets of programs may be the best that we can do for these students. His analysis covers both grant and loan programs available to these students under Title IV of the Higher Education Act, and other federal programs such as unemployment insurance, welfare, food stamps, and child care.

Hauptman maintains that there is "...general agreement that the current system of aid does not adequately address [nontraditional students'] present needs." He outlines a system of grants, loans, work-study, contracts for services, employer-paid tuition benefits, tax provisions, and service proposals that would move us beyond traditional forms of aid.

Kramer does not state that nontraditional students are underserved. He points out, however, that the financial aid system was built for traditional students and offers a number of structural and programmatic suggestions for modifying and adding to the present system. One might infer from his call for change that current assistance to nontraditional students is inadequate.

The discussants, reviewing the authors' comments, did not agree on the question of adequacy of aid. Some of the discussants contended that aid to nontraditional students is adequate. They pointed to the data provided by Ross and Hampton showing that nontraditional students (other than part time) are served as well as traditional students. They stressed the range of programs available to nontraditional students. They suggested that many nontraditional students may not need assistance—that these students are using the financial assistance system to the extent of their need. They pointed to available federal funds that have gone unused by part-time students year after year. Some discussants maintained that traditional students should be given priority over nontraditional students.

Other discussants found aid to be inadequate. They stressed the difficulty that nontraditional students face in financing their education, especially in the support service areas of child care and living costs. They pointed to congressional failure to fund more fully grant support to part-time students. They focused on the limitations of contracted service programs, especially in the area of workforce retraining. They were not convinced by the argument offered by some that nontraditional students need less aid. Rather, they felt that the current aid system functions to discourage the nontraditional student, arguing that the definition of need, limited availability of assistance for part-time students, and primary emphasis on servicing the traditional student all work against the nontraditional student.

■

What Should We Do in the Future for Nontraditional Students?

The authors were asked to look at different dimensions of this question. Gold, for example, concentrated on what needs to be done in the context of existing Title IV and other federal programs. His answers to the question are to ensure fairness in Title IV and to bring better coordination to the other programs so that they do not conflict with one another and produce obstacles for students. He urges a more careful definition of the nontraditional student and details a series of changes in all programs that would help these programs to further assist nontraditional students.

Ross and Hampton acknowledge that their comparison does not extend to the amount of aid awarded per student and that per capita aid may vary significantly, usually to the detriment of nontraditional students. They also acknowledge that they are relying on a definition of need as established by federal legislation that excludes large numbers of nontraditional students. Finally, their analysis shows that part-time students are significantly less likely to receive Title IV aid than full-time students—whether traditional or nontraditional.

Hauptman wants to broaden the base of responsibility for financing nontraditional students. He focuses on major programmatic changes that could be made to better serve this population. He concentrates on ways in which working adults can receive additional assistance from employers, the extent to which federal support through matching or incentive funds can aid employers to help employees, and increasing the reliance on loan programs for working adults. Hauptman also urges the establishment of contracted service programs for special

populations (such as those on welfare) that would channel funds into these programs rather than making aid available directly to the student.

Based on the three categories into which he has placed students, Kramer wants to build a "second system" in which nontraditional students devise their own support system. He stresses flexibility of assistance programs, the great differences among students, and the importance of dealing with individual cases. Kramer argues for continued reliance on grants and loans for full-time students who are part-time earners, loans for full-time workers who are part-time students, and a combination of grants and loans for part-time students who work part time. Like Hauptman, Kramer sees the extent to which a student works as a critical determinant of the assistance package.

■

Summary

While not arriving at a consensus about serving nontraditional students, the seminar discussants did offer some thoughtful suggestions for continuing the discussion. Their suggestions reflect the range of thinking and differences of opinion they expressed at the meeting. The suggestions do not reflect consistency of thought or approach, but they do provide ideas on which to build an action agenda for the future.

- Continue the distinction between traditional and nontraditional students while further clarifying what is meant by "nontraditional" in the awarding of aid;

- Alternatively, end the distinction between nontraditional and traditional students and build an aid system focused on encouraging human potential—whatever the use of the higher education system;

- Continue current Title IV programs with some structural modifications;

- Continue to remove obstacles in other federal programs that finance nontraditional students;

- Expand efforts to coordinate Title IV and other federal programs;

- Establish new financing initiatives such as a College Line of Credit or expansion of the Earned Income Tax Credit to help pay for tuition expenses;

- Broaden the discussion of nontraditional students to include, at the federal level, participants from the Departments of Labor, Commerce, Defense, and Health and Human Services, as well as representatives of the Department of Education and the higher education community;

- Share the responsibility for aid to nontraditional students among levels of government (state and local) and the private sector.

Fundamental to the seminar's discussion was the difference of opinion about whether or not financial aid for nontraditional students should be viewed as lying within the mainstream of American higher education or whether these students should continue to be treated as "add-ons" to assistance programs that were developed for traditional students. Until there is some agreement about whether or not nontraditional students are central to public policy decisions about financing higher education, it will be difficult to fully meet the needs of this growing student population.

In addition to the challenge of positioning the nontraditional student within the financial assistance arena, the vexing issue of "What is a nontraditional student?" remains. It became clear from the papers and the discussion that the definition of the nontraditional student drives decisions about financial aid programs. The seminar provided some clarification, at least to the extent that a definition of nontraditional students in terms of personal characteristics is different from defining nontraditional students based on, for example, their use of educational institutions. It is in the area of personal characteristics that we seem unable to agree on a definition. Defining the nontraditional student based upon enrollment behavior and educational goals may be a promising avenue of consideration for the future.

How the Nontraditional Student Finances Her Education

Laurent Ross and Diane Hampton

How many nontraditional students attend postsecondary educational institutions? How do they finance their education?

To answer those questions, we must first define what the "nontraditional" student is. A "traditional" student is generally defined as being 17-22 years old, financially dependent on parents, and a high school graduate who takes courses on a credit-hour basis and attends school full time. Hence, the nontraditional student is someone who fails one or more of these criteria.

Based on this definition, nontraditional students represent over two-thirds of all undergraduate students attending postsecondary institutions in any one year.

Number of Students

The number of students, both traditional and nontraditional, attending school during any year is much higher than published estimates would indicate.

Most enrollment counts are snapshots: they enumerate only those students attending at a particular time. The usual snapshot count is taken in October, at the beginning of the academic year. But many institutions, particularly proprietary schools and community colleges, enroll students on a rolling basis all year long. The snapshot count thus seriously underrepresents the total number of students who attend these types of institutions during the course of a full year.

Table 1 *(on page 12)* compares the National Center for Education Statistics' (NCES) snapshot count of undergraduates in the fall of 1990 to a full-year count calculated using data from the Department of Education's National Postsecondary Student Aid Study (NPSAS) and the Fiscal Operations Report and Application to Participate (FISCOP) submitted to the Department of Education by institutions. (See the Appendix for details on how a full-year count was calculated.)

The full-year count shows that 17 million students attended postsecondary institutions as undergraduates in 1990-91. Of these, 5.6 million (33 percent) were traditional students and 11.3 million (66 percent) were nontraditional. By contrast, the NCES October snapshot estimates add up to only 12.5 million students. The largest differences between the NCES and full-year estimates are, not surprisingly, in the proprietary and community college sectors.

■

Demographic and Academic Characteristics

Table 2 *(on page 13)* displays some of the demographic and academic characteristics of traditional and nontraditional students by the type of institution attended. The typical traditional student is 20 years old, dependent, a high school graduate, and studying full time in a credit-hour program. She (53 percent are female) is white (only 18 percent are minority), single (only 2 percent are married) and comes from a family earning $41,000 per year. She is most likely to live with her parents (40 percent of traditional students do); however, she is almost as likely to live in a university dormitory (38 percent). Her annual cost of education will come to $5,600, but her family can afford to contribute $8,600 to her education. Therefore, she will have no need for financial aid according to federal student aid standards.

Her nontraditional counterpart is also typically a white female (57 percent are female). However, there are higher percentages of minority students (25 percent) among the nontraditional population. Like the typical traditional student, she is a high school graduate (92 percent), single (60 percent), and taking courses on a credit-hour basis (87 percent), but, at an average age of 29, she is a good deal older. She attends school only part time (63 percent). She is financially independent of her parents (62 percent) and lives off campus (68 percent). From her $25,000 average annual income, she is expected to contribute $17,000 toward her $3,600 cost of education. Thus, she will also be ineligible for student aid by federal standards.

It would be interesting to examine the characteristics of single parents in the undergraduate nontraditional sector. However, in NPSAS 87, the number of single parents is too small to produce statistically significant results. Single parents represent less than 2 percent of all nontraditional students in the NPSAS 87 data base. Preliminary results from NPSAS 90 suggest that many more single parents were captured in that survey. When this paper is updated using NPSAS 90, closer attention will be paid to the issues facing single parents.

The nontraditional student in the community college sector tends to be older (average age 30), and is more likely to be independent, attending school part time, and married. He/she is more likely to live off campus than other nontraditional students.

At four-year public institutions, nontraditional students are younger, and they are more likely to be high school graduates, taking courses on a credit-hour basis, single, and living off campus. Nontraditional students in the public four-year sector are more likely to be male (48 percent) than in any other postsecondary sector.

Nontraditional students attending private institutions are the least likely to be minority (20 percent). They also have the highest average annual income — $31,000.

The profile of nontraditional students in the proprietary sector differs considerably from that of their counterparts in the collegiate sector. They are younger (27 years old on average), less likely to be high school graduates (84 percent), less likely to be enrolled on a credit-hour basis (39 percent), less likely to be part-time students (25 percent), more likely to be minority (40 percent), more likely to live with their parents (37 percent), and more likely to be female (67 percent). Their average income of $16,000 is far below that of nontraditional students in any other sector — barely half that of nontraditional students in the private sector.

■

Patterns of Financing

Thirty-eight percent of all undergraduate students attending postsecondary institutions receive some sort of student aid. While 48 percent of traditional students receive some type of student aid, only 33 percent of nontraditional students do. Table 3 *(on page 14)* breaks out the type of aid that traditional and nontraditional students receive. It also divides nontraditional students into various categories to see if any particular characteristic is related to the probability of receiving aid.

While nontraditional students are more likely to receive a Pell Grant than traditional students, they are less likely to receive any other form of aid. The part-time nontraditional student is less likely to receive any type of aid than traditional and full-time nontraditional students. Nontraditional students taking courses for clock-hour credit are considerably more likely to receive Pell Grants and Stafford Loans than traditional students.

In community colleges, only 21 percent of all students receive any student aid at all. Thirty-one percent of traditional students receive aid, but only 18 percent of nontraditional students do. *(See Table 4 on page 15.)* Nontraditional students in this sector are less likely to receive any type of aid, even Pell Grants, due to the large number who attend part time. Clock-hour students tend to get more Pell, Stafford, and state aid than traditional students and credit-hour nontraditional students.

At four-year public institutions, 37 percent of the nontraditional students receive aid, compared to 44 percent of the traditional students. *(See Table 5 on page 16.)* Once again, part-timers fare worst of all. Because there are fewer part-timers in the four-year public sector, nontraditional students are only slightly less likely than traditional students to receive aid.

In private institutions, the nontraditional student is far behind the traditional student in all areas except the Pell Grant. *(See Table 6 on page 17.)* Again, part-timers get considerably less aid than full-timers, both traditional and nontraditional.

By contrast, in the proprietary sector, nontraditional students, who make up 83 percent of the sector, are as likely to receive aid as traditional students. *(See Table 7 on page 18.)* Seventy-eight percent of nontraditional and 79 percent of traditional students receive aid in proprietary institutions. Nontraditional students are more likely, or only slightly less likely, than traditional students to receive all forms of aid except state aid.

■

Needy Students

Not all students actually need assistance to attend a postsecondary institution. By federal student aid standards, 56 percent of traditional and 75 percent of nontraditional students can afford to pay for their own education; that is, they have no demonstrated financial need. Because efforts probably should be concentrated on those students who do have need, it would be useful to examine the characteristics of this group.

The typical needy nontraditional student is also a single white female with a high school degree *(see Table 8 on page 19)*, but she is younger (26 years old), attends school full time (70 percent), and is more likely to live on campus (11 percent). Her full-time status means she has a much higher average cost of education: $7,600. She can afford to contribute only $3,100 of her $11,400 annual income to purchase that education, and therefore has an average need of $4,500.

Needy nontraditional students in community colleges have the lowest total costs of education and the smallest need of all needy students. They also are the oldest (27), and the most likely to be part time (46 percent), independent (66 percent), and living off campus (64 percent).

In the public four-year sector, needy nontraditional students have the smallest ability to contribute to their own education (average expected family contribution of $2,650), and are the least likely to be married (15 percent) or female (51 percent).

Needy nontraditional students in private institutions can afford to contribute more than needy students in any other sector ($3,800), but because they attend the most expensive sector (the average cost for needy nontraditional students is $10,300), they still have the highest need: $6,500.

Needy nontraditional proprietary students are more likely to be minority (46 percent), female (67 percent), attending school full time (80 percent), studying on a clock-hour basis (64 percent), and non-high school graduates (16 percent).

Interestingly, the needy nontraditional student is more likely to receive a Pell Grant or a Stafford Loan than the needy traditional student. *(See Table 9 on page 20.)* Even part-time, needy nontraditional students are more likely to receive a Pell Grant than their traditional counterparts. Needy nontraditional students are less likely to receive campus-based aid, state aid, or institutional aid than needy traditional students.

At community colleges, needy nontraditional students are more likely than, or nearly as likely as, traditional students to receive all forms of aid except institutional assistance. *(See Table*

10 on page 21.) The same is true in the public four-year sector, except that needy traditional students are somewhat more likely to receive state aid than nontraditional students with need. *(See Table 11 on page 22.)*

In the private and proprietary sectors, the reverse is true. *(See Tables 12 and 13 on pages 23 and 24.)* For virtually all forms of aid except the Pell Grant, the traditional needy student is more likely to receive assistance.

■

Full-Time Students

Many analysts argue that, because federal need standards were developed with the traditional student in mind, meaningful conclusions about nontraditional students' share of student aid may be problematic. These analysts claim that the way "need" is defined may be the problem facing the nontraditional student; examining only needy students may define away the real problem.

Returning to the original distribution of aid for all students *(see Table 3 on page 14)*, part-time nontraditional students are far less likely to receive any type of student aid than traditional or full-time nontraditional students. The problem with Table 3 is that part-time students, who represent two-thirds of nontraditional students, "contaminate" all the nontraditional cells in the table.

Tables 14 and 15 *(on pages 25 and 26)* control for this by displaying distributions for full-time students only; Table 14 displays all full-time, nontraditional students, and Table 15 displays those with a need of $200 or more. As these tables show, full-time nontraditional students are more likely to receive aid than traditional students. Traditional students are only more likely to receive Work-Study and institutional aid than full-time nontraditional students.

From these analyses, it appears that nontraditional students seem to have two basic problems in getting their fair share of student aid: their part-time status, and the degree to which they do not receive institutional aid. These are the areas in which it would be most fruitful to concentrate efforts to help the nontraditional student.

Table 1

TRADITIONAL VS. NONTRADITIONAL UNDERGRADUATE STUDENTS BY TYPE AND CONTROL OF INSTITUTION

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
Traditional	1,244,653	2,755,192	1,282,701	274,017	5,556,563
Nontraditional	6,294,397	2,574,225	1,059,716	1,335,396	11,263,734
Total	7,539,050	5,329,417	2,342,417	1,609,413	16,820,297

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
NCES Snapshot	5,134,000	4,669,000	2,230,000	120,000	12,153,000

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study (NPSAS), and Fiscal Operations Report and Application to Participate (FISCOP), U.S. Department of Education.

Table 2

SELECTED CHARACTERISTICS OF TRADITIONAL VS. NONTRADITIONAL STUDENTS BY TYPE AND CONTROL OF INSTITUTION

Student Characteristics	Two-year Public		Four-year Public		Private		Proprietary		Total	
	Traditional	Nontraditional	Traditional	Nontraditional	Traditional	Nontraditional	Traditional	Nontraditional	Traditional	Nontraditional
Average age	19	30	20	27	20	29	19	27	20	29
Average income	$32,819	$25,379	$41,662	$27,554	$49,784	$30,919	$26,816	$15,992	$40,720	$25,255
Average cost	$ 2,637	$ 2,135	$ 4,657	$ 3,946	$10,273	$6,481	$ 6,913	$ 6,988	$ 5,585	$ 3,566
Average EFC *	$ 6,441	$18,288	$ 8,965	$17,679	$11,050	$20,006	$ 4,270	$ 7,461	$ 8,619	$16,981
Sex										
Female	52%	58%	53%	52%	53%	57%	55%	67%	53%	57%
Male	48%	42%	47%	48%	47%	43%	45%	33%	47%	43%
Race										
White	78%	75%	84%	79%	85%	80%	68%	60%	82%	75%
Minority	22%	25%	16%	21%	15%	20%	32%	40%	18%	25%
Marital status										
Single	97%	55%	98%	66%	99%	61%	96%	64%	98%	60%
Married	3%	45%	2%	34%	1%	39%	4%	36%	2%	40%
Residence										
Living with parents	82%	30%	27%	19%	20%	18%	72%	37%	40%	27%
Off-campus	13%	69%	30%	69%	13%	66%	20%	62%	22%	68%
On-campus	5%	1%	43%	12%	67%	16%	8%	1%	38%	5%
Attendance										
Part-time	0%	77%	0%	51%	0%	55%	0%	25%	0%	63%
Full-time	100%	23%	100%	49%	100%	45%	100%	75%	100%	37%
Credit method										
Clock-hour	0%	8%	0%	3%	0%	5%	0%	61%	0%	13%
Credit-hour	100%	92%	100%	97%	100%	95%	100%	39%	100%	87%
Dependency										
Independent	0%	64%	0%	58%	0%	62%	0%	64%	0%	62%
Dependent	100%	36%	100%	42%	100%	38%	100%	36%	100%	38%
Eligibility										
Ability to benefit	0%	8%	0%	6%	0%	7%	0%	16%	0%	8%
HS grad/GED	100%	92%	100%	94%	100%	93%	100%	84%	100%	92%

*EFC: Expected Family Contribution

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 3

STUDENT AID PACKAGES OF TRADITIONAL VS. NONTRADITIONAL STUDENTS FOR ALL INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	18%	7%	9%	8%	25%	15%	20%	6%	48%	5,556,563
Nontraditional										
Part-time	8%	2%	1%	1%	7%	4%	4%	1%	16%	7,076,234
Clock-hour	37%	6%	2%	5%	42%	7%	4%	5%	60%	1,448,357
Age > 22	19%	4%	3%	3%	16%	8%	6%	2%	31%	8,082,701
Independent	25%	5%	4%	4%	20%	10%	7%	3%	37%	7,033,142
Ability to benefit	28%	6%	3%	4%	24%	9%	5%	3%	41%	926,964
Total nontraditional	20%	4%	3%	4%	18%	8%	7%	2%	33%	11,263,734

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 4

STUDENT AID PACKAGES OF TRADITIONAL VS. NONTRADITIONAL STUDENTS IN TWO-YEAR PUBLIC INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	17%	4%	4%	1%	7%	9%	9%	3%	31%	1,244,653
Nontraditional										
Part-time	6%	1%	1%	0%	2%	4%	2%	1%	10%	4,846,686
Clock-hour	23%	1%	4%	0%	13%	12%	2%	6%	35%	503,552
Age > 22	13%	3%	2%	1%	6%	7%	3%	2%	19%	4,605,843
Independent	16%	3%	3%	1%	7%	9%	4%	2%	22%	4,028,414
Ability to benefit	15%	3%	2%	0%	5%	10%	2%	2%	21%	484,667
Total nontraditional	12%	2%	2%	1%	5%	7%	3%	2%	18%	6,294,397

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 5

STUDENT AID PACKAGES OF TRADITIONAL VS. NONTRADITIONAL STUDENTS IN FOUR-YEAR PUBLIC INSTITUTIONS

Students Characteristic	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	17%	6%	8%	8%	21%	15%	13%	5%	44%	2,755,192
Nontraditional										
Part-time	8%	1%	2%	3%	8%	4%	6%	1%	19%	1,312,855
Clock-hour	12%	5%	10%	13%	35%	17%	13%	3%	51%	77,227
Age > 22	19%	4%	5%	7%	19%	10%	8%	2%	34%	1,866,940
Independent	30%	6%	8%	10%	25%	14%	11%	3%	45%	1,493,051
Ability to benefit	24%	6%	7%	8%	16%	14%	7%	4%	37%	154,454
Total nontraditional	22%	4%	6%	7%	20%	11%	9%	2%	37%	2,574,225

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 6

STUDENT AID PACKAGES OF TRADITIONAL VS. NONTRADITIONAL STUDENTS IN PRIVATE INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	17%	11%	20%	16%	42%	23%	51%	9%	69%	1,282,701
Nontraditional										
Part-time	7%	2%	2%	3%	13%	6%	11%	2%	24%	582,844
Clock-hour	11%	5%	6%	6%	26%	6%	19%	5%	43%	52,986
Age > 22	17%	5%	5%	6%	23%	12%	19%	4%	41%	794,602
Independent	25%	7%	7%	8%	28%	16%	22%	4%	47%	657,024
Ability to benefit	25%	7%	9%	10%	25%	15%	27%	7%	53%	74,180
Total nontraditional	20%	6%	7%	7%	26%	14%	23%	4%	45%	1,059,716

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 7

STUDENT AID PACKAGES OF TRADITIONAL VS. NONTRADITIONAL STUDENTS IN PROPRIETARY INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	38%	8%	1%	8%	68%	12%	4%	2%	79%	274,017
Nontraditional										
Part-time	41%	10%	0%	5%	61%	2%	3%	1%	70%	333,849
Clock-hour	48%	10%	0%	7%	62%	3%	4%	4%	77%	814,592
Age > 22	50%	9%	1%	7%	63%	5%	3%	4%	78%	815,316
Independent	54%	9%	1%	7%	65%	5%	3%	3%	81%	854,653
Ability to benefit	58%	12%	0%	10%	68%	3%	4%	2%	81%	213,663
Total nontraditional	50%	10%	1%	8%	65%	5%	3%	3%	78%	1,335,396

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 8

SELECTED CHARACTERISTICS OF TRADITIONAL VS. NONTRADITIONAL STUDENTS WITH NEED BY TYPE AND CONTROL OF INSTITUTION

Student Characteristics	Two-year Public		Four-year Public		Private		Proprietary		Total	
	Traditional	Nontraditional	Traditional	Nontraditional	Traditional	Nontraditional	Traditional	Nontraditional	Traditional	Nontraditional
Average age	19	27	20	25	20	26	19	25	20	26
Average income	$17,572	$ 9,774	$22,926	$11,038	$31,483	$15,009	$20,474	$11,799	$24,599	$11,415
Average cost	$ 3,898	$ 6,420	$ 5,590	$ 6,598	$10,662	$10,262	$ 7,298	$ 8,555	$ 7,093	$ 7,598
Average EFC *	$ 1,490	$ 3,137	$ 2,140	$ 2,651	$ 3,823	$ 3,780	$ 2,156	$ 3,256	$ 2,577	$ 3,117
Cost - EFC *	$ 2,408	$ 3,283	$ 3,450	$ 3,947	$ 6,839	$ 6,482	$ 5,142	$ 5,299	$ 4,516	$ 4,481
Sex										
Female	55%	61%	54%	49%	54%	57%	54%	67%	54%	59%
Male	45%	39%	46%	51%	46%	43%	46%	33%	46%	41%
Race										
White	70%	67%	74%	70%	82%	72%	63%	54%	75%	65%
Minority	30%	33%	26%	30%	18%	28%	37%	46%	25%	35%
Marital status										
Single	96%	81%	98%	85%	99%	81%	95%	81%	98%	82%
Married	4%	19%	2%	15%	1%	19%	5%	19%	2%	18%
Residence										
Living with parents	77%	33%	24%	16%	21%	20%	72%	44%	36%	29%
Off-campus	14%	64%	27%	63%	11%	52%	20%	55%	19%	60%
On-campus	9%	3%	49%	21%	68%	28%	8%	2%	45%	11%
Attendance										
Part-time	0%	46%	0%	25%	0%	26%	0%	20%	0%	30%
Full-time	100%	54%	100%	75%	100%	74%	100%	80%	100%	70%
Credit method										
Clock-hour	0%	15%	0%	4%	0%	5%	0%	64%	0%	25%
Credit-hour	100%	85%	100%	96%	100%	95%	100%	36%	100%	75%
Dependency										
Independent	0%	66%	0%	65%	0%	61%	0%	57%	0%	62%
Dependent	100%	34%	100%	35%	100%	39%	100%	43%	100%	38%
Eligibility										
Ability to benefit	0%	8%	0%	7%	0%	9%	0%	16%	0%	10%
HS grad/GED	100%	92%	100%	93%	100%	91%	100%	84%	100%	90%

*EFC: Expected Family Contribution

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 9

STUDENT AID PACKAGES FOR STUDENTS WITH NEED (TRADITIONAL VS. NONTRADITIONAL) FOR ALL INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students with Need
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	40%	15%	20%	18%	48%	31%	35%	9%	87%	2,454,886
Nontraditional										
Part-time	48%	11%	9%	7%	38%	21%	14%	5%	73%	844,447
Clock-hour	59%	12%	4%	8%	67%	10%	7%	5%	88%	704,423
Age > 22	64%	14%	11%	12%	51%	25%	15%	4%	87%	1,748,297
Independent	71%	15%	14%	14%	52%	28%	16%	4%	89%	1,764,594
Ability to benefit	67%	13%	9%	10%	55%	20%	10%	3%	86%	285,557
Total nontraditional	61%	14%	12%	12%	51%	24%	16%	4%	85%	2,839,047

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 10

STUDENT AID PACKAGES FOR STUDENTS WITH NEED (TRADITIONAL VS. NONTRADITIONAL) IN TWO-YEAR INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students with Need
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	51%	12%	13%	2%	20%	27%	17%	6%	76%	399,836
Nontraditional										
Part-time	50%	11%	9%	2%	15%	28%	9%	6%	62%	380,087
Clock-hour	55%	4%	12%	0%	38%	30%	3%	15%	77%	123,676
Age > 22	70%	16%	11%	4%	29%	35%	11%	5%	83%	545,957
Independent	75%	18%	15%	5%	28%	37%	12%	5%	85%	544,843
Ability to benefit	65%	13%	13%	0%	30%	37%	3%	3%	78%	63,428
Total nontraditional	63%	13%	12%	4%	24%	31%	12%	4%	76%	827,618

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 11

STUDENT AID PACKAGES FOR STUDENTS WITH NEED (TRADITIONAL VS. NONTRADITIONAL) IN FOUR-YEAR PUBLIC INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students with Need
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	43%	14%	19%	19%	43%	34%	23%	9%	86%	1,053,967
Nontraditional										
Part-time	45%	8%	15%	15%	37%	25%	21%	5%	75%	199,638
Clock-hour	24%	11%	22%	22%	58%	35%	21%	5%	86%	30,937
Age > 22	58%	13%	18%	21%	49%	28%	18%	4%	86%	509,605
Independent	71%	14%	21%	23%	52%	33%	20%	5%	90%	525,013
Ability to benefit	61%	15%	19%	20%	38%	34%	14%	5%	84%	54,264
Total nontraditional	60%	13%	19%	20%	48%	31%	20%	5%	86%	811,616

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 12

STUDENT AID PACKAGES FOR STUDENTS WITH NEED (TRADITIONAL VS. NONTRADITIONAL) IN PRIVATE INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students with Need
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	27%	18%	31%	25%	60%	34%	68%	12%	92%	790,225
Nontraditional										
Part-time	35%	10%	13%	13%	52%	25%	36%	5%	82%	97,949
Clock-hour	25%	11%	17%	14%	54%	12%	39%	8%	83%	20,235
Age > 22	47%	14%	16%	17%	56%	28%	42%	8%	87%	236,391
Independent	58%	17%	19%	21%	58%	35%	45%	7%	90%	226,905
Ability to benefit	49%	15%	18%	21%	43%	27%	43%	11%	85%	32,806
Total nontraditional	48%	16%	20%	20%	57%	32%	46%	8%	89%	374,090

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 13

STUDENT AID PACKAGES FOR STUDENTS WITH NEED (TRADITIONAL VS. NONTRADITIONAL) IN PROPRIETARY INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students with Need
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	50%	11%	1%	11%	80%	14%	4%	2%	92%	210,858
Nontraditional										
Part-time	57%	15%	0%	6%	82%	2%	4%	1%	91%	166,773
Clock-hour	63%	14%	0%	9%	75%	4%	6%	3%	91%	529,575
Age > 22	71%	13%	1%	11%	76%	7%	3%	3%	94%	456,345
Independent	73%	13%	1%	9%	76%	6%	4%	2%	93%	467,833
Ability to benefit	74%	11%	1%	9%	77%	4%	3%	1%	91%	135,059
Total nontraditional	66%	14%	1%	10%	77%	6%	4%	2%	92%	825,724

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 14

STUDENT AID PACKAGES FOR FULL-TIME STUDENTS (TRADITIONAL VS. NONTRADITIONAL) FOR ALL INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	18%	7%	9%	8%	25%	15%	20%	6%	48%	5,648,431
Nontraditional										
Clock-hour	42%	8%	1%	6%	46%	6%	5%	5%	67%	973,678
Credit-hour	39%	8%	8%	9%	33%	18%	13%	3%	59%	3,276,437
Age > 22	37%	8%	6%	7%	34%	15%	11%	4%	58%	3,158,220
Age 17-22	47%	10%	9%	11%	43%	15%	13%	4%	68%	1,091,895
Independent	48%	10%	8%	9%	40%	18%	13%	4%	68%	2,788,013
Dependent	23%	6%	4%	6%	29%	9%	9%	3%	46%	1,462,102
Ability to benefit	39%	9%	5%	7%	33%	12%	8%	4%	57%	492,301
HS Grad/GED	40%	8%	7%	8%	37%	16%	12%	4%	61%	3,757,814
Total nontraditional	40%	8%	7%	8%	36%	15%	12%	4%	61%	4,250,115

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Table 15

STUDENT AID PACKAGES FOR FULL-TIME NEEDY STUDENTS (TRADITIONAL VS. NONTRADITIONAL) FOR ALL INSTITUTIONS

Student Characteristics	TYPE OF AID RECEIVED									Total Number of Students
	Pell	SEOG	Work-Study	Perkins	Stafford	State Aid	Institutional Aid	Other Aid	Any Aid	
Traditional	40%	15%	20%	18%	48%	31%	35%	9%	87%	2,454,886
Nontraditional										
Clock-hour	61%	13%	3%	10%	67%	7%	8%	5%	89%	523,341
Age > 22	66%	15%	12%	14%	55%	25%	17%	4%	91%	1,348,877
Independent	73%	16%	15%	15%	55%	28%	18%	4%	92%	1,372,740
Ability to benefit	69%	14%	10%	13%	56%	20%	12%	3%	88%	217,034
Total nontraditional	66%	15%	13%	15%	56%	25%	18%	4%	91%	1,994,600

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study, U.S. Department of Education.

Appendix

The best data base available for examining the characteristics of traditional and nontraditional students is the National Postsecondary Student Aid Study of 1987. NPSAS 87 was a survey of nearly 60,000 students undertaken by the Department of Education. The survey asked students, parents, and institutions questions on financial aid, cost of attendance, and enrollment.

The major weakness of NPSAS 87 is that it was designed to study a sample of students enrolled in the fall of 1986. Many nontraditional students, particularly in the community college and proprietary sectors, do not enroll in the fall semester. The original sampling and weighting scheme of NPSAS 87 allows only for estimates of fall 1986 enrollees and their characteristics. When these criticisms were raised, the Department agreed to partially correct the data base with new weights that would provide full-year estimates, but only for federally aided students.

Using the original weights of NPSAS 87 and defining traditional and nontraditional as described in this text, one can estimate that approximately 11.2 million undergraduate students attended some form of postsecondary institution in the fall of 1986, 4.3 million traditional, and 6.9 million nontraditional. *(See Table A-1 on page 29.)*

Full-year estimates can be roughly calculated using the Department's own reweighting work. All students in the data base can be reweighted using the ratio of the full-year estimate of federally aided students to the fall 1986 estimate of federally aided students. *(See Table A-2 on page 30.)* Reweighting was done controlling for the type of institution and the traditional or nontraditional status of the student.

An example of the calculations involved will clarify the methodology. The cell for nontraditional students in the community college sector in Table A-1 shows that about 3.5 million students of this type attended school in the fall of 1986. Of these, nearly 500,000 received some sort of federal aid. By using the full-year weights of the Department, one can estimate the number of nontraditional community college students who received federal aid for the entire 1986–87 academic year. Table A-2 shows this to be close to 700,000 students. The ratio of the full-year estimate to the fall 1986 estimate of federally aided community college students (666,893/473,324 = 1.409) can be used to inflate the original fall 1986 estimate of *all* nontraditional community college students, 3.5 million. Multiplying 3,497,832 by 1.409 gives a new estimate of 4.9 million.

Using the above methodology to inflate the fall 1986 estimates to full-year estimates gives a new projection of 14.1 million undergraduate students, 4.8 million traditional, and 9.3 million nontraditional. *(See Table A-3 on page 31.)*

Perhaps the best source for full-year enrollments is the Department's Fiscal Operations Report and Application to Participate (FISCOP), which all institutions must submit to be eligible for campus-based federal student aid (SEOG grants, Work-Study, and Perkins loans). Institutions must provide full-year enrollment figures, month by month if they have rolling

enrollments. Unfortunately, FISCOP does not provide data on individual students, but the enrollment totals from FISCOP can be used as targets to reweight the full-year estimates in Table A-3. The same reweighting philosophy used to create Table A-3 was used to inflate the full-year NPSAS 87 estimates so that the sum of traditional and nontraditional students in any one sector added up to the full-year count for that sector in FISCOP.

This strategy worked well for all sectors except the proprietary. Many proprietary institutions do not apply for campus-based aid; therefore, enrollment totals for that sector are low. To compensate for this, total proprietary enrollment from FISCOP was reweighted by the ratio of total Pell Grants received by these institutions to Department figures on total Pell Grants to all proprietary institutions. See Table A-4 *(on page 32)* for these estimates.

Another problem with the FISCOP data is double-counting. Students who attend one institution in the fall and then transfer to another institution in the spring (or any other time) are counted once by each institution. NPSAS 87 conducted interviews in the spring of 1987, but only students who were enrolled in the fall of 1986 were interviewed. Students were asked if they were attending the same institution as they had been in the fall of 1986. The ratio of students who said they were not attending another institution to all students was used to downsize the estimates of Table A-4. The final estimates of 17 million undergraduate students attending postsecondary education in 1990-91 are used in Table 1 in the text.

Table A-1

TRADITIONAL VS. NONTRADITIONAL UNDERGRADUATE STUDENTS BY TYPE AND CONTROL OF INSTITUTION SNAPSHOT COUNT, FALL 1986

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
Traditional	793,853	2,207,893	1,185,243	107,690	4,294,679
Nontraditional	3,497,832	2,057,341	861,013	490,932	6,907,118
Total	4,291,685	4,265,234	2,046,256	598,622	11,201,797

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study (NPSAS), and Fiscal Operations Report and Application to Participate (FISCOP), U.S. Department of Education.

Table A-2

TRADITIONAL VS. NONTRADITIONAL UNDERGRADUATE STUDENTS BY TYPE AND CONTROL OF INSTITUTION SNAPSHOT COUNT, FEDERALLY-AIDED STUDENTS, FALL 1986

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
Traditional	170,780	720,840	585,522	79,453	1,556,595
Nontraditional	473,324	639,204	287,768	365,014	1,765,310
Total	644,104	1,360,044	873,290	444,467	3,321,905

FULL-YEAR COUNT, FEDERALLY-SIDED STUDENTS, FALL 1986

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
Traditional	214,668	728,542	682,561	157,439	1,783,210
Nontraditional	666,893	678,000	384,936	774,670	2,504,500
Total	881,561	1,406,542	1,067,497	932,109	4,287,710

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study (NPSAS), and Fiscal Operations Report and Application to Participate (FISCOP), U.S. Department of Education.

Table A-3

TRADITIONAL VS. NONTRADITIONAL UNDERGRADUATE STUDENTS BY TYPE AND CONTROL OF INSTITUTION NPSAS COUNTS ADJUSTED WITH NPSAS FULL-YEAR WEIGHTS

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
Traditional	997,862	2,231,484	1,381,674	213,392	4,824,412
Nontraditional	4,928,294	2,182,210	1,151,743	1,041,906	9,304,153
Total	5,926,156	4,413,694	2,533,417	1,255,298	14,128,565

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study (NPSAS), and Fiscal Operations Report and Application to Participate (FISCOP), U.S. Department of Education.

Table A-4

TRADITIONAL VS. NONTRADITIONAL UNDERGRADUATE STUDENTS BY TYPE AND CONTROL OF INSTITUTION NPSAS COUNTS ADJUSTED WITH FISCOP COUNTS

Student Characteristics	Two-year Public	Four-year Public	Private	Proprietary	Total
Traditional	1,355,093	2,863,430	1,328,811	286,329	5,833,663
Nontraditional	6,692,607	2,800,201	1,107,678	1,398,028	11,998,514
Total	8,047,700	5,663,631	2,436,489	1,684,357	17,832,177

Source: American Council on Education, Office of Legislative Analysis, based on 1987 National Postsecondary Student Aid Study (NPSAS), and Fiscal Operations Report and Application to Participate (FISCOP), U.S. Department of Education.

Improving College Access for Needy Adults Under Existing Federal Programs

Laurence N. Gold

Two years ago, I wrote a paper called *Campus Roadblock*. My premise was that federal policy should encourage, not impede, adults who have the ability and motivation to go to college, especially "at-risk" adults—people whose lack of education and training leave them unable to function effectively in the job market. Instead of a federal policy that encourages adult college participation, my research uncovered laws and regulations under ten programs that placed serious obstacles in the path of adults attending college.

Sometimes the obstacles were unintended; other times, they served a program purpose but turned a blind eye to the educational impact. In either case, I found that many of these obstacles had a chilling effect on adult college attendance and could be removed without significantly damaging other policy interests.

In preparation for this conference, I was asked to revisit some of these issues. Before undertaking a program-by-program review of the *Roadblock* findings, however, I want to define the kind of student I focused on, the kind of education I focused on, and the yardsticks by which I evaluated policy options.

■

About Whom Are We Talking?

The term "nontraditional college student" can mean many different things. Among other things, the term is often taken to connote: (1) part-time students, whether youth or adults; (2) educationally deprived students, whether youth or adults; and/or (3) noncollegiate

education—specifically, education below the two-year degree level, in colleges as well as in proprietary schools. (This last is really a type of education, not a type of student.)

In *Roadblock*, I defined a "nontraditional college student" as an adult age 24 and up who had not completed an undergraduate education immediately following high school (or had not completed high school altogether). As noted earlier, the *Roadblock* recommendations were particularly focused on "at-risk adults," such as welfare recipients, displaced homemakers, and displaced workers.

■

What Kind of Education Are We Talking About?

The recommendations in *Roadblock* were focused on degree or certificate programs as those terms are currently defined in higher education law, which includes short-term postsecondary vocational training as well as traditional collegiate work.

This does not have to be the case. For example, as we consider new policy options, we might want to *tighten our focus*. One alternative is to develop recommendations applicable only to students in associate or baccalaureate programs. Another option is to *expand our focus*, for example, by recommending policies to encourage continuing education of a nondegree, noncertificate nature.

■

What Yardsticks Do We Use to Evaluate Policy?

I used two different yardsticks to evaluate policy options in *Roadblock*.

In evaluating existing student aid programs, the yardstick was, "Does the system treat the financial position of adults in college fairly, compared with the way it treats the financial position of traditional-age, dependent students?" This standard of comparative fairness was the basis of the reforms enacted in 1986, and will probably be the basis on which they are re-evaluated in 1991 and 1992. This is *not* the same as evaluating whether adults receive enough aid in relation to their "need."

In evaluating federal programs outside student aid, the yardstick was, "Does the program (or lack of one) create obstacles to college participation that could be eliminated without detracting from other important public policy purposes?"

As we begin to examine options for new, long-term initiatives, a third consideration will assume center stage: whether we can construct programs that provide help to nontraditional students appropriate, in size and nature, to their actual financial position. That said, let us re-examine the program-by-program *Roadblock* findings.

HOW COULD TODAY'S FEDERAL STUDENT AID PROGRAMS TREAT ADULT STUDENTS MORE FAIRLY?

Roadblock addressed eight key issues.

■

1. Financial Aid Discretion/Base Year Income

Original Finding:

Pell Grant eligibility is determined in part by assessing the family's "base year income," based on the assumption that the financial capacity of the family breadwinner(s) is not likely to change over a two-year period. However, "base year income" is not a reliable predictor of the financial capability of older, independent students who may be recently unemployed, or displaced homemakers, or those whose income will be significantly reduced by attending college. In 1986, Congress recognized this concern by permitting campus financial aid officers to exercise discretion in determining Pell Grant eligibility. This discretion, however, has been withdrawn in appropriations legislation since FY 89.

Original Recommendation:

Congress should restore financial aid officer discretion. Among the factors triggering the use of such discretion should be *a projected reduction of income during the enrollment period by 10 percent compared to the base year.* The U.S. Department of Education should encourage financial aid officers to employ this discretion.

Update:

The conditions giving rise to this recommendation still pertain. The National Association of Student Financial Aid Administrators (NASFAA) and the rest of the higher education community have strongly supported the reinstitution of financial aid officer discretion. Congress is also considering the option of dropping base year income as a way to determine the financial need of any independent student, and to using the student's anticipated income for the school year instead.

■

2. Less-than-half-time Pell Grants

Original Finding:

In 1986, Congress provided that students attending college less than half time are eligible for Pell Grants if they meet the program's need requirements. However, the eligibility of less-than-half-time students has been withdrawn through appropriations legislation since FY 90.

Original Recommendation:

Pell Grant aid to students attending college less than half time should be restored.

Update:

The conditions giving rise to this recommendation still obtain. The cost of restoring the less than half-time provision is estimated at $40 million. The American Council on Education (ACE) and the Coalition for Aid to Adult and Part-time Students (CAPS) support restoration of aid eligibility for less-than-half-time students. NASFAA opposes the provision on grounds that full-time students should have a priority on aid, that part-time students have a worse record of persevering in school, and that the provision allows too much time for students to complete their education.

■

3. Campus-based Aid for Part-time Students

Original Finding:

Colleges rarely spend their federal campus-based student aid allotments on part-time students. To correct this, Congress in 1986 mandated that institutions devote at least a "reasonable proportion" of their campus-based student aid funds to part-time students. However, subsequent federal regulations in effect negated the provision and released schools from having to fulfill this obligation.

Original Recommendations:

A. Congress should alter the campus-based application to ensure that enrollment status is cross-referenced to income and dependency in the following manner:

FORMULA FOR DETERMINING AID, BASED ON INCOME, DEPENDENCY AND ENROLLMENT STATUS		
	Full-time	**Part-time**
Dependent Undergraduates		
$0-$2,999		
$3,000-$5,999, etc.		
Independent Undergraduates		
$0-$999		
$1,000-$1,999, etc.		
Dependent Graduate students		
$0-$2,999, etc.		
Independent Graduate students		
$0-$999, etc.		

B. To enforce the "reasonable proportion" principle, Congress should require that institutions provide aid under their campus-based program allotment to at least 5 percent of their part-time students in the lowest income cohort.

Update:

Because the term "reasonable proportion" was so loose, and the Department of Education chose not to effectuate it, there has been no discernible shift in aid as a result of this provision.

At least two proposals have been advanced since *Roadblock* to bring more concreteness to the concept of reasonable proportion. The American Federation of Teachers has proposed that, "If the total financial need of students attending the institution less than full time equals or exceeds 5 percent of the institution's allotment, then an amount equal to at least half of that percentage will be made available to such students." The National Education Association advances the same type of proposal with different percentages. NASFAA would oppose such a change, as it opposed "reasonable proportion" in the first place, because it diminishes financial aid officer discretion.

■

4. Needs Analysis

Original Finding:

The statutory Congressional Methodology for evaluating student eligibility for campus-based student aid fails to account for differences in the financial situation of adult heads of household in the low-income range.

Original Recommendation:

The federal needs analysis system should be more sensitive to differences in the income and assets of adults with dependents, and family expenses should be fully counted at their actual level in assessing financial need.

Update:

The relative position of independent students and part-time students in relation to full-time, dependent students is a key consideration in developing a new needs analysis system under reauthorization. While *Roadblock's* recommendations would strengthen the position of independent students on grounds of comparative fairness, some observers believe that the advances made in 1986 swung the pendulum too far *toward* independent students and they have put forward proposals to move federal policy in the opposite direction.

One proposal, to raise the Standard Maintenance Allowance for all families, would have the effect of moving more dependent students into the category of greatest need, thereby decreasing the system's sensitivity to gradations of need among low-income applicants. This proposal is coupled with another to remove nine months worth of living expenses from the

Standard Maintenance Allowance, and to rely instead on the cost-of-attendance calculation to account for these expenses. This would have the effect of decreasing the aid eligibility of independent students in relation to dependent students.

Proposals to tighten the definition of "independence" and raise the cutoff age for independence are based on a concern that current criteria may consider younger students eligible although they are not genuinely needy or genuinely independent. Some believe that independent students who are married but have no other dependents are getting more aid than other students in comparable need; they call for harsher treatment for students in this category. In short, there are serious calls for retrenchment as well as expansion with regard to independent students.

■

5. Pell Grant Care Allowance

Original Finding:

The Pell Grant formula permits students to count only $1,000 of day care costs, regardless of the number of children or other dependents. This artificially low allowance reduces the grants of some students at low-cost institutions, because Pell Grants cannot exceed 60 percent of total attendance costs.

Original Recommendation:

Dependent care costs based on a full-time maximum of at least $3,000 per care recipient should be allowable educational costs in determining eligibility for Pell Grants, campus-based aid, and loan programs.

Update:

The original recommendation was based on the way day care allowances interacted with the current Pell Grant formula, particularly the 60 percent rule. If that rule is eliminated in reauthorization, and if the method of computing living costs is also revised, the most appropriate way to compute day care expenses would also change.

One possibility would be to add an amount ($1,000 has been suggested) to the calculation of living expenses in a new Pell Grant formula. Another option would be to include actual day care expenses up to $3,000 among the elements (such as medical expenses) that are deducted from income in calculating the expected family contribution of each applicant.

■

6. Loan Forbearance for Part-time Students

Original Finding:

Students who attend school less than half time are ineligible for either a Perkins or a Stafford loan. They must also begin loan repayment as though they have completed school and are earning a living.

Original Recommendation:

Before they must begin repayment, all borrowers should be informed of their right to apply for deferral or forbearance of repayment. Continued attendance, even on a less-than-half-time basis, should be one criterion for granting deferral or forebearance.

Update:

Many *Roadblock* commenters considered the original recommendation too open-ended, especially as it implied that forbearance would *automatically* be extended, regardless of how long the adult is in school or the size of his or her income. The recommendation might enjoy greater acceptability if forbearance was made subject to periodic review during the time of attendance and restricted to those who can demonstrate a financial reason not to repay.

A. "Student Borrower Protection Plan," which the major higher education associations have put forward, is relevant here. Under a plan of this nature, borrowers whose debt exceeded their income could be eligible for extended repayment, graduated repayment or some kind of income-contingent repayment. This would alleviate many of the concerns that gave rise to the *Roadblock* forbearance recommendation.

■

7. Financial Aid/Welfare/Food Stamp Conformance

Original Finding:

Federal student aid not directly attributable to tuition and fees is often counted against an individual's eligibility for welfare and food stamps, and beneficiaries of these programs are given the impossible choice of either getting an education or feeding their children.

Original Recommendation:

All student financial aid under the higher education act should be clearly defined as contribution to the *education-related costs* of those who receive aid. Such aid should not be counted as personal income, in whole or in part, in determining an individual's eligibility for food stamps or welfare.

Update:

This problem is still with us, and a change in the law would be of significant benefit to welfare and food stamp recipients trying to attend college.

■

8. Financial Aid Information

Original Finding:

Financial aid information habitually fails to reach part-time and evening students, who make up the bulk of the adult student population.

Original Recommendations:

A. Doubling the Educational Opportunity Centers program would assure greater outreach to this population.

B. Financial aid training that the government currently conducts for high school counselors should be expanded to include professionals who deal with adults—human resource officers in business, labor counselors, and unemployment and welfare counselors, to name a few.

C. Easy-to-read, well-highlighted informational materials specifically targeted to adults should be required of all colleges that serve a large adult population.

Update:

These conditions still exist, and in fact have worsened as the Department of Education no longer conducts training for high school counselors. NASFAA has proposed a reinstitution of training funds for college financial aid officers, but not for others. ACE has put forward a proposal for a broad media-based public information campaign about college and financial aid.

WHAT CAN BE DONE TO REMOVE OBSTACLES THAT OTHER FEDERAL PROGRAMS PLACE IN THE PATH OF COLLEGE ATTENDANCE FOR ADULTS?

■

Unemployment Insurance

Original Findings:

Roadblock found that too many states treat the idea of education and training for unemployment insurance recipients as a probable evasion of the individual's responsibility to look for work, rather than as a way for individuals to build better, more stable careers. Claimants were often left unaware of the training option; decisions about whether to allow training were made in an inconsistent, almost haphazard manner; and postsecondary education was treated with particular suspicion.

Original Recommendations:

A. The Department of Labor (DOL) should undertake a new and truly complete, state-by-state survey of state practice—from the kinds of notification the states use, to the types of training they approve, to their manner of making decisions.

B. DOL, by regulation, should insist that the states clearly notify beneficiaries of the training option, and that they develop and employ objective criteria for evaluating training providers and approving training requests.

C. Federal unemployment law should be amended to place the burden on the state to prove that training proposed by the beneficiary is *not* satisfactory, rather than placing the burden on the individual to justify the training.

D. Finally, federal unemployment law should be amended to specify that attendance at an accredited institution of higher education, if the claimant is making satisfactory progress toward a recognized degree, constitutes approved training for the purposes of the unemployment insurance program.

Update:

The conditions giving rise to these recommendations still pertain.

Welfare

Original Findings:

Roadblock found that welfare recipients usually were not told by their local caseworker that postsecondary education is an allowable training activity, and that the recipient can continue to receive subsistence benefits without abandoning college for a menial job or short-term training. Furthermore, federal financial aid in excess of tuition and fees was routinely counted as income and therefore reduced welfare eligibility.

Original Recommendations:

A. Welfare legislation should be amended to require that the states allow welfare recipients to fulfill their education and training requirement in college, if they so choose, as long as satisfactory progress is being made in school and the course of study is consistent with the individual's career goals.

B. The law should be amended to ensure that student financial aid is not counted as personal income, in whole or in part, in determining an individual's eligibility for welfare benefits.

Update:

No good data have been collected yet about whether the states are allowing postsecondary education more often, and, if so, whether this policy is changing behavior at the caseworker level. Since the incentives of the system still reward short-term as opposed to long-term training, it is highly doubtful whether much change in behavior has taken place. The Ways and Means Subcommittee staff director does not believe a change in either policy cited above is necessary or desirable.

Food Stamps

Original Findings:

Roadblock found that adults who want to attend college must meet special eligibility requirements to receive food stamps, including a requirement that they work 20 hours per week no matter how many courses they are taking. They may not deduct educational expenses from their income in applying for food stamps, but the student aid they receive is often deducted from their food stamp allotment.

Original Recommendations:

A. No federal student assistance should be counted as personal income, in whole or in part, in determining an individual's eligibility for food stamps.

B. Documented education-related expenditures made by food stamp applicants should be excluded from personal income in determining food stamp eligibility.

C. The policy of imposing a 20-hour-per-week work requirement on college students who otherwise qualify for food stamps should be abandoned. The requirement is extraneous to financial need, and only serves to prolong or interfere with the individual's ability to complete his or her education.

Update:

Last year's food stamp reauthorization made no changes in any of these areas.

■

Child Care

Original Findings:

The lack of accessible, affordable child care is a considerable obstacle to adults seeking a college education. *Roadblock* found that Title XX state social services block grants rarely help adults meet day care costs, that the future of child care provided by welfare reform is questionable, and that other sources of potential federal support, including a Higher Education Act program, are either unauthorized or unfunded.

Original Recommendations:

A. Child care support under Title XX social service block grants should be continued and enhanced, and the law should be amended to prohibit the states from disqualifying eligible recipients simply because they are attending college.

B. The campus child care program authorized under Title IV of the higher education act to provide funding for on-campus day care centers should be reauthorized and funded.

C. The Senate Finance Committee, the House Ways and Means Committee, and the House Education and Labor Committee should carefully monitor the implementation of welfare reform to ensure that postsecondary education is not being unduly restricted by the states and that child care services are made available to eligible beneficiaries as mandated.

Update:

Ways and Means staff do not foresee legal changes in either Title XX or welfare reform to accommodate the concerns raised. Prospects for reauthorization of the campus child care program are uncertain.

Employee Education Benefits

Original Findings:

Section 127 of the tax code, which makes employer-paid educational benefits tax free to the employee, was found to constitute a significant incentive for genuinely needy individuals to attend college.

Original Recommendation:

To ensure that employers continue to promote the education and training of their workers, Section 127 of the tax code should be extended permanently.

Update:

At the end of the last Congress, Section 127 was extended for 15 months, to the end of 1991, and eligibility of graduate students was restored. Another effort will be made to extend the program.

Job Training Partnership Act

Original Findings:

Roadblock found that the Job Training Partnership Act (JTPA) rarely supports training for adults in postsecondary institutions because: (1) local decision makers appear to distrust college programs; (2) federal performance standards for adult JTPA participants do not count educational achievement as a successful training outcome; and (3) local officials often require providers to offer only short-term, noncredit, open-entry/open-exit programming.

Original Recommendations:

A. DOL should conduct a study to determine the circumstances under which different kinds of providers are most likely to promote long-term self-sufficiency and productivity. The federal government should immediately begin to compile systematic data on the employment and recidivism rates of JTPA clients trained through postsecondary education compared to other types of training.

B. JTPA performance standards should be amended by legislation to count educational advancement as a successful outcome for adults under the same terms as it is counted for youth.

C. To ensure that somewhat longer-term training options are not shut out of JTPA participation, JTPA legislation should be amended to prohibit local authorities from restricting JTPA participation to open-entry/open-exit programming or to noncredit

programming, especially when credit would otherwise be accorded for similar training.

Update:

In 1990, Congress tried unsuccessfully to enact new JTPA legislation. The bills did not directly address performance standards, although there was language encouraging a greater emphasis on educational outcomes. Concerns about the other issues outlined above were not addressed. Another attempt will be made to enact legislation this year.

Nontraditional Financing for Nontraditional Students

Arthur M. Hauptman

INTRODUCTION

How Do We Define "Nontraditional" Students?

When federal student aid programs were initially developed in the late 1950s and the early 1960s, they were designed with the traditional college student in mind: the 18- to 22-year old high school graduate enrolled full time in a degree-granting program and financially dependent on his or her parents. The underlying premise of needs analysis, the expectation of a family contribution, and the calculation of room, board, and other related costs of attendance are all rooted in this particular notion of a college student.

In the quarter-century since the 1965 passage of the Higher Education Act, however, the characteristics of the students enrolled in American colleges and universities have changed dramatically. Over 40 percent of all undergraduate students are now 22 years of age or older, compared to less than 25 percent in 1965. Part-time students now constitute more than one-third of all undergraduate collegiate enrollments, compared to less than one-quarter in 1965. More than half of all student aid recipients now qualify as financially independent, and one-third of all current college students are independent. These figures, taken together, make it obvious that traditional college students have become a distinct minority of all students enrolled.

In response to these shifting demographic trends, policymakers have tended to expand eligibility for the student aid programs to accommodate various groups of nontraditional students. For example:

- The category of "independent student" was created in the 1960s to address the needs of students who could not be categorized as being dependent on their parents for financial support.

- Students enrolled in vocational trade school programs were first made eligible for the student loan programs in the late 1960s, and were incorporated into the other federal student aid programs in 1972.

- Students without a high school degree or its equivalent were first made eligible for student loans in 1968 under the "ability to benefit" provisions, which were expanded in 1978 to apply to all federal aid programs.

- Students attending at least half time have always been eligible for federal aid, but less-than-half-time students only became eligible for Pell Grants in 1986, and this provision has not been funded. Less-than-half-time students have also been eligible to receive federal campus-based funds since 1986 at the discretion of the institutional financial aid administrator, but far less than 5 percent of campus-based aid is provided to these students.

- In recent years, an increasing number of prisoners, particularly in certain states, have received federal student aid for the education and training they receive while incarcerated.

Underlying these and other changes in the rules of eligibility for federal student aid has been the presumption that all students attending postsecondary education should be eligible to receive student financial assistance in the form of need-based grants, loans, and work-study. Despite adjustments over time in the eligibility of different groups of students for federal financial aid, however, there is general agreement that the current system of student aid does not adequately address their present needs. It seems both ironic and unfortunate that the fastest growing group of college students is the one least well served by the current system of student aid.

The current system of student aid is inadequate for nontraditional students in part because the formula used to determine need was designed for traditional students. Although adjustments have been made in this basic needs analysis approach to recognize the kinds of situations faced by nontraditional students, they have not been sufficient to accommodate the needs of these students. ("Nontraditional" is defined here as meaning students who do not fit the traditional mode of college students in that they possess at least one of the following characteristics: they are older than the traditional age, working full time, going to school part

time, financially independent of parental support, or not high school graduates.) If overall funding for student aid does not increase, however, any attempt to tilt the needs analysis system more toward nontraditional students would result in fewer funds for needy traditional students, for whom the current system is also inadequate.

To address this basic zero sum reality, mechanisms other than the traditional student aid programs ought to be considered that might be capable of providing at least comparable assistance to nontraditional students without detracting from the financial aid that traditional students now receive.

This paper first describes the types of assistance that could be used to help nontraditional students finance their postsecondary education and training needs, including the traditional forms of student assistance—grants, loans, and work-study, contracts for services, employer-paid tuition benefits, and tax provisions—as well as loan and service proposals that would move beyond the traditional forms of aid. The paper then explores which of these types of assistance would be most effective in helping different groups of nontraditional students.

■

Summary of Recommendations

A variety of forms of financial assistance other than the traditional student aid programs of grants, loans, and work-study could enhance educational opportunities for nontraditional students.

Individuals in the labor force should have greater access to a number of financing approaches that would vary by the type of education and training being provided and the employment situation of the individual. For example:

- *Employers should be encouraged to provide more assistance to full-time employees who take a course or two (i.e., less-than-half-time students) through either a federal matching program or low-interest loans for the employers who provide such benefits.* Federal matching grants or low-interest loans would be far more effective in providing assistance and less costly to the federal government than a provision that simply makes less-than-half-time students eligible for Pell Grants.

- *The federal Earned Income Tax Credit (EITC) should be modified to cover a portion of the tuition expenses incurred by individuals who enroll in postsecondary education or training programs.* Individuals who qualify for the existing tax credit could receive an increased amount to cover all or part of the tuition expense for courses they complete. Limiting the benefit to individuals who already qualify for the credit would target this provision to low-income workers.

- *All individuals who enroll in a postsecondary education program half time or more should be eligible to borrow through a new federal College Line of Credit (CLC) that would replace the*

existing set of unsubsidized federal student loan programs. The CLC would: be fully guaranteed by the federal government, be available through banks and other private lenders (and possibly institutions acting as lenders), vary in amount by type of educational program, provide loans at largely unsubsidized terms, and not require a needs test. Individuals could use the CLC repeatedly as long as they maintained a satisfactory repayment history. To ensure that borrowers could repay their CLC obligations, an income-contingent repayment option should be made available that would limit annual repayments to no more than 10 percent of income.

• *A new partnership effort should be established to help dislocated workers and farmers as well as displaced homemakers — people who need further education or training in order to remain active or to return to the labor force.* Employers could help pay tuitions for individuals who qualify as dislocated or displaced, educational institutions could reduce or waive fees, and federal and state governments could pay the living expenses of these individuals (and their families) while they were enrolled. Dislocated or displaced people would also be eligible to borrow through the College Line of Credit, as described above, to help meet their costs.

For individuals not currently in the labor force, such as welfare recipients and prisoners, education and training benefits could be more efficiently provided on a contract basis rather than through student aid.

- *The organizations that provide education and training to prisoners or welfare recipients should be fully reimbursed on the basis of the reasonable costs entailed.* Postsecondary education and training would in effect be provided free to these students. This approach could eliminate the reliance on loans that now places large debt burdens on these groups of "at-risk" students. No student aid, however, should be made available directly to prisoners or welfare recipients to pay for their living expenses, since they would then be better off as a result of deciding to become a student. Providing student aid to pay for living expenses seems particularly inappropriate in the case of prisoners.

- *A contract-for-services approach should also be used to pay for the education and training costs for ability-to-benefit students wherever they enroll and for all students enrolled in vocational programs of less than a year, regardless of whether they are "nontraditional."* Such a policy shift would eliminate borrowing by these at-risk students until they demonstrated their ability to benefit from the education or training being provided. Unlike prisoners and welfare recipients, however, these students should remain eligible for that portion of student grant programs that could be reasonably attributed to meeting the living costs of the students and their dependents.

THE FORMS OF ASSISTANCE AVAILABLE TO NONTRADITIONAL STUDENTS

The existing forms of postsecondary education and training assistance include: the traditional student aid programs of grants, loans, and work-study; contracts for education and training services; employer-paid tuition benefits; and tax credits or deductions for educational and related expenses. In addition, several proposals have been made for loans or national service; if adopted, these proposals would substantially modify traditional aid programs. The financing approaches discussed in this section should be considered as an arsenal of tools that might be available to help meet the financing needs of the various groups of nontraditional students.

The Traditional Student Aid Programs. Nontraditional students participate in varying degrees in the traditional forms of student assistance. Most current Pell Grant recipients, for example, are nontraditional students. Roughly 60 percent of current recipients are financially independent, and about half of them are older than 23 years of age. Less than 10 percent of Pell Grant recipients appear to qualify for assistance under the "ability to benefit" provisions.

Although accurate data are not fully available, nontraditional students also appear to be frequent participants in the Guaranteed Student Loan (GSL) program. According to the National Postsecondary Student Aid Survey (NPSAS), about 30 percent of undergraduate GSL borrowers are over 22 years of age and over one-third are financially independent. From NPSAS, it appears that less than 5 percent of GSL recipients are ability-to-benefit students. The campus-based programs, in contrast, are distinctly less oriented toward nontraditional students than Pell Grants or GSLs. The NPSAS data base indicates that one-fifth or fewer of campus-based student aid recipients are nontraditional, far fewer than those who receive either Pell Grants or GSLs.

All states now administer at least one grant program, and most have several. By and large, these state programs appear to be less directed toward nontraditional students than the federal aid programs. The NPSAS data base also indicates that the aid that institutions provide from their own funds is less directed to nontraditional students than the federal aid programs.

Contracting for Education and Training Services. Another prevalent form of financing the costs of participation in education and training programs is for federal and state governments or private employers to contract directly with the providers. Virtually all of the individuals who now benefit from contract-for-services are nontraditional students in that they are typically older, independent, and not full-time students.

If the Jobs Training Partnership Act (JTPA) can be classified as contract-for-services, this kind of assistance is one of the largest forms of aid currently used in training programs. Many of the contracts and the training stipends in JTPA are directed toward individuals who might reasonably be classified as nontraditional students, although typically participants in the JTPA are not classified as "students."

Another contract-for-services approach is embodied in the Family Support Act of 1988, which sought to break the welfare cycle through its emphasis on education and training. It created the Job Opportunity and Basic Skills (JOBS) training program, in which the federal government provides funds to states and localities to support the education and training of individuals receiving welfare assistance. The JOBS program provides fairly wide latitude to states in the design of their education and training programs; as a result, it is difficult to generalize about how these state programs are structured. Some states run their JOBS programs through the local JTPA offices, others through the local welfare agency. Although the arrangements vary widely, most states appear to use a contract-for-services approach to provide the training component of JOBS, often supplemented by student aid, particularly Pell Grants, for which the welfare recipient is eligible.

Government programs are not the only examples of a contract-for-services approach. Local businesses such as banks and department stores often enter into agreements with the local community college, trade school, or other institution to provide education and training for their employees. The employer usually pays the institution directly for the training that is provided. Sometimes, the employer is charged the actual tuition that applies at that institution so that the employer is being subsidized to the same extent that other students are benefiting from the low tuition level. In other cases, the employer pays a cost-based fee for the training, which largely removes the element of subsidy.

Employer-Paid Benefits. One of the largest current sources of assistance to nontraditional students are tuition benefits that employers provide to their employees. Virtually all of the individuals who receive this kind of assistance are nontraditional: they typically attend part time (since they are full-time employees), few are still dependent financially on their parents, and most have been in the workforce for a while and are older than the traditional college age.

Precise figures are not available, but it seems safe to say that employers spend at least several billion dollars annually on tuition benefits that their employees use at postsecondary education institutions. These tuition expenditures, however, constitute a fairly small percentage of the total spending by industry on the education and training of employees, since most industry expenditures are focused on in-house or contracted training.

For the past decade, the principal issue related to the tuition benefits that employers provide is whether the employees for whom these tuition payments are made must report them as taxable income. As a result, recent lobbying efforts on this issue have been directed at making the overall set of provisions a permanent part of the tax code.

Tax Benefits for College Students. Over time, a range of tax benefits has been available to college students or their families. A principal benefit has been the exclusion from taxable income of employer-paid tuition benefits, as discussed above. Another substantial tax benefit related to college attendance is the tax exemption granted to the family for children older than 18 years of age if they are students. This benefit, however, is not available to many nontraditional students, since being claimed as an exemption by one's parents automatically defines a student as dependent for financial aid purposes. One historical tax benefit that was eliminated in 1986 was the deduction of interest on consumer loans, including student loans.

Tax credits for education, of course, have over time been one of the most hotly debated domestic policy proposals. Typically these proposals would provide parents with tax credits or deductions for the tuition expenses of their children. Some of the proposals would cover only elementary and secondary education tuition expenses, others would apply only to higher education, and many would cover both. Inability to resolve issues such as separation of church and state has caused the popularity of a broad-based tuition tax credit to lag in recent decades.

One twist on this idea that might merit more support than the traditional tax credit proposal for parents, however, would be to provide tax benefits for the tuition expenses of the taxpayer who goes back to school. Tax credits or deductions for education or training expenses would seem to be ideally suited for helping nontraditional students who find themselves left out of the student aid mainstream. Most of these prospective students are taxpayers, and a tuition tax benefit could serve as a powerful incentive for them to reenter the world of education. Rather than put these individuals through the process of applying for financial aid programs that are not designed to meet their needs, it would seem far simpler and effective to provide some form of tax credit or deduction to cover at least a portion of their expenses.

Loan and Service Proposals. A number of proposals have been made to overhaul the traditional student aid programs. These proposals have addressed concerns about the current student aid system, including simplifying what has become an excessively complex process and reducing federal costs. At least two of these broad proposals could have a significant impact on the financing available to nontraditional students.

One set of proposals would replace or supplement the existing student loan programs with a national student loan bank that would require all borrowers to repay on the basis of their income once they left school. A variant on this loan theme would be to provide a range of repayment options, including income contingency for borrowers for whom repayment represented a substantial burden.

Another income-contingent loan approach is contained in a proposal by David Longanecker to establish a Worker's Education and Training Trust Fund. Longanecker's proposal would have both employers and employees contribute to a fund that would then be used to make loans to individuals in the labor force who wished to begin or return to postsecondary education and training. Loans would be repaid through deductions from borrowers' paychecks. In effect, repayments of the loans would be contingent on the income of borrowers once they reentered the labor force.

Another broad set of proposals to alter the traditional student aid system would tie the provision of aid to the performance of national or community service. The most often discussed version of this proposal, however, which would require students to perform national or community service in order to receive student aid, would not materially affect many nontraditional students, since it is designed to apply to traditional college age students and specifically excludes students over 26 years of age from the service requirement.

- II -

MATCHING ASSISTANCE WITH THE NEEDS OF NONTRADITIONAL STUDENTS

Given the various types of assistance identified in the previous section, which might best meet the needs of different groups of nontraditional students? In order to answer this question, this paper divides nontraditional students into two categories. One is the majority of nontraditional students who are employed in the labor force when they consider going to school. The other comprises those students, such as welfare recipients and prisoners, who are not active members of the labor force when they enroll.

■

Helping Those in the Labor Force

The mismatch between the current student aid system and the needs of individuals in the labor force stems in no small part from the fact that the current system was designed with the traditional college student in mind. It simply does not plan for the student who is fully employed and wants to return to school, or for the student who is not dependent on parental financial support. The current needs analysis system treats the 30-year-old who has worked full time for a decade the same as the 20-year-old who just broke off from his or her parents and is working at odd jobs. The system is deliberately designed to discourage the artificial declaration of independence by the 20-year-old, but it also affects the 30-year-old who would like to go back to school but whose salary makes him or her ineligible for student aid.

One way to address this problem would be to relax the needs analysis rules for older working students by asking them to estimate their projected income in the year they would go to school rather than assessing they are currently making. But using estimated income would result in a differential treatment of dependent and independent students. Also, since estimated income is unverifiable, student aid for independent students would be placed on the honor system.

Another way in which the current student aid system is slanted against potential nontraditional students in the work force is that it limits both their eligibility and the amount of aid available to them. For example, workers who would like to take a course or two are not eligible for GSLs. They are theoretically eligible for the campus-based student aid programs, but receive little of the available funding. The obvious solution would be to expand eligibility in these programs to include less-than-half-time students.

The difficulty with any of these "fixes," however, is that as long as overall funding for student aid is limited, increases in the amount of aid available to older, working students will restrict how much is available for younger, more traditional students. This raises the question: Are there nontraditional forms of assistance that might be more suitable to the needs of

nontraditional students and that would not entail a tradeoff with the traditional student aid programs of grants, loans, and work-study?

To answer this question, it is useful to differentiate among the types of individuals in the labor force who may be seeking postsecondary education and training: those who continue to work full time while they take courses or receive training; those who leave the work force in order to return to school full time; and those who involuntarily seek additional training as dislocated workers and farmers and displaced homemakers. The types of assistance that make the most sense for each of these three groups may well differ.

Full-Time Workers Who Enroll Part Time. Many workers do not give up their jobs when they reenter the world of education and training. Some take a course or two at the local college or university while they continue on the job. Many of these students receive tuition benefits from their employer. Others work for employers who contract with a college or university to provide employee education or training, or who directly provide in-house education and training.

The solution most often suggested to help these individuals is to extend the Pell Grants program to students enrolled on a less-than-half-time basis. But this approach is likely to be ineffective for a number of reasons. Since a less-than-half-time student would receive an amount prorated from the full-time level of award, the award provided generally would be quite small, often several hundred dollars or less. Also, a substantial proportion of student aid awards are provided to meet the incremental nontuition costs of attendance, which students who are working full time really do not face. In addition, if individuals are already receiving tuition benefits from their employers, why should they also receive Pell Grants? These considerations, plus the limited availability of student aid funds, suggest the importance of identifying alternative sources of financing for these nontraditional students.

It seems reasonable to look for mechanisms that would not require full-time workers to answer questions irrelevant to their current situation. One such mechanism already exists in the form of employer-paid tuition benefits, which typically help precisely the individuals who are working full time and want to take a course or two. The trick is how to expand the coverage provided through this form of benefit, and this probably will require more than continuing the current tax exemption.

A federal matching program might be established to encourage employers to expand the tuition benefits they now provide to their employees. To minimize the federal costs of such an effort, the burden should fall much more on the employer than on the federal government. A ratio of 1 federal dollar for every 5 private dollars, or even a 1:10 ratio, would not seem inappropriate. In addition, the federal match dollars should be available only for assistance provided to employees below a certain income limit. It would not be good public policy for the federal match to help higher income employees in their retraining efforts.

Alternatively, a program of low-interest loans to employers might be created to allow for expansion of employee education and training efforts. These loans could be used in a variety of ways, including establishing or expanding a company's tuition benefit program; serving as a source of capital for low-cost loans to employees who wished to further their education;

paying for education and training services that employers purchase from colleges or other organizations; or financing the costs to employers of providing the education and training directly to their employees.

To ensure that the levels of assistance to these students are adequate, it may also be necessary to provide the aid more directly to the students themselves rather than simply to rely on incentives and funding to their employers. One possibility along these lines would be to expand the Earned Income Tax Credit (EITC) to cover all or a portion of the tuition expenses of individuals who are already eligible for the EITC.

Although it has not been widely publicized, the EITC represents by many accounts the federal government's most successful effort at targeting direct cash assistance to the working poor. This tax break is limited to workers earning substantially below the median income. This is also the group for whom additional financial assistance is most needed to allow for greater participation in education, training, and retraining activities. A marriage between college tuition credit proposals and the EITC could provide substantially more assistance than an extension of the Pell Grant program to less-than-half-time students. It would also be highly targeted to lower income workers, since they are the population that currently qualifies for the EITC.

Full-Time Workers Who Become Full-Time Students. For individuals in the workforce who wish to return to school full time, the current system of student aid is lacking in several critical respects. First, needs analysis is an insensitive mechanism for determining ability to pay; by asking what students' income is now in order to determine their ability to pay next year when they will be a student. The individual who is making $15,000 a year now probably will not have that income stream as a full time student.

Second, the aid system fails to recognize the tangible opportunity costs of the individual who leaves the workforce to become a student. In fact, the needs analysis system ignores the opportunity costs of all students, but this is particularly troublesome for individuals in the workforce, for whom income forgone is the most apparent.

One obvious way to address this shortcoming is to treat individuals in the workforce differently from aid applicants who are not working full time when they apply for aid. For example, individuals in the workforce could be asked for their estimated income for the next year when applying for aid, while more traditional students could be asked for their parents' current year income. Or, opportunity costs could be added to the costs of attendance for students reentering from the labor force, but not for more traditional students.

But these solutions are at odds with a basic premise of needs analysis: the notion of horizontal equity, which holds that students in similar circumstances should be treated alike. Once one embarks on a strategy of differential treatment, it becomes very difficult to draw the line at any one category of student. Why shouldn't all student aid applicants be allowed to estimate their income for the next year? Or, why shouldn't the opportunity costs of all students be recognized in the needs analysis calculation?

The best way to avoid a needs test is not to provide a subsidy. If no subsidy is available, then there is substantially less reason to assess a potential student's need for financial assistance.

This principle can be most effectively adopted by using nonsubsidized loans, which also represent the most feasible way of incorporating opportunity costs into the student aid calculation.

This kind of thinking has led to proposals such as David Longanecker's suggestion to establish a worker's education and training trust fund. There is much to recommend such an approach: it would allow borrowers to repay their loan obligations through a well-established and reliable payment mechanism — the Social Security Trust Fund; it also would ensure that both employers and employees make a contribution to meeting this national need.

One concern with the Longanecker plan, however, is that many if not most current employees who would be obligated to contribute to the fund would never receive any benefit. Unlike under Social Security, the required contributions would not result in benefits for many of the contributors (or their survivors). In effect, one group of workers would subsidize the decision of another group of workers to return to school. Many in the first group of workers rightly would object to such a mandatory contribution. In addition, if the benefit being provided were in the form of a loan and therefore repayable, why would it be necessary to require a contribution from either employees or employers? If loans are the designated vehicle for helping workers return to school, financial institutions could simply provide expanded loan capacity to meet their needs.

To be sure, a readily available form of credit is critically needed for older, working students. To accomplish this purpose, a federal College Line of Credit (CLC) could be established to replace the various unsubsidized loan programs that the federal government now administers. Banks and other private lenders would maintain the lines of credit, which would be fully federally guaranteed against default. Many educational institutions could also offer such a line of credit to their students. To minimize federal costs and to simplify program administration, the terms of the CLC would be largely unsubsidized. In return, there would be no needs test to determine eligibility for the CLC. The amount that students could borrow should instead be dependent on the type of the educational program in which they are enrolled. For example, medical and other health professional students should be eligible to borrow much more than undergraduates and even more than most other graduate students.

The CLC would be similar to a home equity loan: once a line of credit was established, students could draw down from the account. Unlike a home equity arrangement, however, there would need to be annual limits on how much could be borrowed through the CLC, as well as a limit on the total amount available. To reflect the situation of many nontraditional students, the CLC could be utilized several times during a lifetime, as long as a satisfactory repayment record were maintained. With little or no subsidy entailed in making the loan or providing the line of credit, little problem would be posed to providing augmented loan limits to meet the higher costs of attendance and opportunity costs that these students face.

These borrowers, however, would need a safety valve to turn to in the event that, once they complete their training, their income proved insufficient to repay their loans. The Longanecker approach automatically remedies this concern by arranging repayment through additional Social Security taxes geared to income. If the Social Security approach were not

used, then some other form of income-contingent repayment should be found to protect low-income borrowers. The set of flexible repayment options proposed by the higher education associations as part of their reauthorization package would also provide this kind of protection.

Dislocated Workers and Farmers and Displaced Homemakers. Despite a great deal of rhetoric about the plight of dislocated workers and the critical importance of providing them with retraining opportunities, the student aid system in fact does very little to help in this transition. To be sure, a number of provisions in current law are designed to help individuals who are dislocated from their normal employment or homemakers who have been displaced. For example, estimated year income rather than current year income is used in calculating family contribution to determine the student aid eligibility of dislocated workers. In addition, a separate title of the JTPA legislation is devoted to dislocated workers. But these provisions typically are only marginally helpful to individuals who often need many thousands of dollars of assistance to get back on track.

A program is needed both to reduce tuition and to provide for the living costs of dislocated and displaced individuals and their dependents. Such a program would require a broad-scale partnership among the federal government, the states, colleges and universities, and the private sector to ensure that an adequate level of financing is made available.

Institutions should be prepared to reduce their tuitions substantially or entirely for individuals who qualify as dislocated. A handful of colleges currently provide this kind of tuition reduction for selected groups of dislocated students, but the practice must become far more widespread to make for a successful national effort. And employers should be required to contribute to a fund that would help to pay for the educational and retraining costs of dislocated workers.

The federal and state governments should be willing to contribute to such a partnership by providing living costs stipends during the period of retraining. This could be done through the various student aid programs. The proposed CLC would also be an important potential source of financing for dislocated workers and farmers and displaced homemakers.

■

Helping Those Not in the Labor Force

For individuals in the labor force, a primary question is how to assess their income and assets for purposes of calculating an expected family contribution. With those who are not in the labor force, measuring financial strength is clearly a less important issue. How should we treat those who do not have material income or assets in a system designed to measure the financial strength of the applicant? Welfare recipients and prisoners are two groups for whom this issue is important.

Paying for the Training of Welfare Recipients. Over the years, we have come to recognize the importance of providing education and training opportunities to enable those on welfare to reenter the labor force. We have also seen the need to coordinate between welfare and student aid policies to ensure that receipt of one form of aid does not lead to a reduction of the other.

It makes little sense to provide student aid to individuals if those benefits will serve to reduce the amount of welfare benefits that they receive. Similarly, if welfare benefits are counted as income in the calculation of family contribution, they could serve to reduce the student aid that the individual would be eligible to receive (although normally the income of welfare recipients is low enough for them to qualify for the maximum student aid award). Perhaps the worst case is the instance in which a child in a welfare situation goes to work to help support the family: under the existing needs analysis rules, virtually all that income is counted as family contribution, which substantially reduces the child's eligibility for aid.

A number of reports have argued that welfare benefits should not be counted as income for purposes of needs analysis and that student aid should not lead to reduction in the welfare benefit. One way to address this issue is simply to declare the welfare recipient automatically eligible for the full degree of student aid. This has been suggested in a number of quarters and may well become law as part of the current reauthorization of the Higher Education Act. But this suggestion does not address the issue of reducing the welfare benefits of student aid recipients.

To prevent a reduction in welfare benefits for students, the government could contract directly with the various organizations that provide education and training. The amount of the contract could represent the reasonable costs associated with providing the training and should vary depending on the type of training being provided. Since the payment would be made directly to the provider, funds provided through a contract-for-services approach would not count as income to the student.

If the contract for services would cover the costs of providing the education or training, what about the living costs of the student? Student aid should not be provided to cover the living costs of welfare recipients, as is currently the case. It should not be the purpose of student aid to improve students' standard of living. Reports of the increased degree of borrowing by community college students in recent years indicate this growth is at least partially a result of welfare recipients and other low-income students hearing that they can receive money for living costs if they enroll in school.

Financing the Training of Prisoners. Although no comprehensive figures are available, anecdotal evidence indicates that in the past several years, the number of prisoners who receive student aid has grown remarkably. This trend appears to be related to the worsening financial condition of the states, which are substituting federal student financial aid for funds that would otherwise come from the state correctional system. It may also be attributable to the 1986 legislative change that expanded student aid benefits for prisoners to include the payment of both living costs and tuition.

Whatever the reason for this growth, this trend in the use of student aid for prisoners is, on its face, one of the most inappropriate applications of public policy imaginable. What sense does it make to ask about a prisoner's income and assets? What are a prisoner's living costs while incarcerated? Moreover, debt only adds to the strikes that prisoners already have against them when they leave prison. This practice of using student financial aid to fund prisoner education no doubt further undermines the credibility of a student aid system already under siege.

As with welfare recipients, it would make much more sense for the education and training of prisoners to be paid for through contracts for services. The prison system would simply contract with local education and training organizations, including community colleges and trade schools, to provide the kinds of training needed by the prisoners and be compensated on a reasonable cost basis.

Other Contract-for-Service Possibilities. The contract for services approach could also work for other groups of students. For example, students who have not completed high school or its equivalent are currently eligible for federal student aid under the ability-to-benefit provisions. The logic of making this group of nontraditional students eligible for aid is that a certain proportion of them will in fact succeed and will benefit from the postsecondary education or training that they receive. It is certainly true that some proportion of students will benefit from postsecondary education without first receiving a high school diploma. It is also true, however, that a large percentage of these students — more than half — will not benefit because they are not prepared academically to do the work. It seems particularly foolhardy to allow these students to borrow given their limited chances for success.

Given the inefficiency of the student aid approach for most ability-to-benefit students, it would make much more sense to finance their additional education and training, at least until they prove themselves, through contracts for services that allow for greater monitoring of their progress. Perhaps the first six months or year of the postsecondary education and training of all ability-to-benefit students might be paid for through contracts for services. Students who successfully complete this probationary period of time might then be moved into the regular student aid system.

A contract-for-services approach would also make a great deal of sense for all students in short-term vocational programs of less than a year, regardless of whether they are "nontraditional." The traditional practice of using the costs of attendance for the purpose of calculating need is generally a reasonable policy for nonprofit institutions where price is far below the cost of educating a student.

But there is evidence that the practice of using institution-reported cost figures has been abused by a number of proprietary schools. From the little data available, it appears that many of these schools are setting their prices in relation to the availability of federal student aid. For many of these schools, federal student aid represents well over half of their total revenues, and it makes good business sense to set tuitions at a revenue-maximizing level. But good business sense does not always make for good public policy.

Instead, the federal government, in conjunction with the states, should pay for all short-term vocational training, just as is done through JTPA. The training providers are compensated on the basis of the reasonable costs entailed in providing the training. The type of training provided could be matched to regional labor market needs. In addition, students would be eligible to receive living cost stipends through the student aid programs or other sources.

In this regard, the system for financing students in short-term vocational training would differ from that being proposed for welfare recipients and prisoners. Individuals who are

neither on welfare nor in prison should be eligible to receive federal student aid to help offset some or all of their living costs as a student. That is an important premise of the needs-based student aid system. Only when a student's living costs are already being paid for in some other way, such as through welfare or as a function of being incarcerated, is the notion of using student aid to pay for living costs inappropriate.

This paper has attempted to show a number of nontraditional ways to expand postsecondary education and training opportunities for nontraditional students. Table 1 summarizes both the principal problems that different groups of nontraditional students face in the current system, and the suggestions offered in this paper to improve their situation.

Table 1

SOME NONTRADITIONAL WAYS OF MEETING THE NEEDS OF NONTRADITIONAL STUDENTS

Type of Student	Problems With Current System	Suggested Nontraditional Approaches
INDIVIDUALS IN THE LABOR FORCE		
Full-time workers who are part-time students	• They are often ineligible for aid because of part-time status. • The aid provided is often inadequate to meet living and opportunity costs.	• Create a federal matching program or low-interest loans for employers providing tuition assistance or training to their employees. • Expand EITC to cover all or a portion of tuition expenses.
Full-time workers who become full-time students	• Income while employed is an inaccurate measure of need and eligibility for aid.	• Create a CLC to replace existing unsubsidized loan programs. • Provide a set of flexible repayment options for borrowers whose debt exceeds their income.
Dislocated workers and farmers and displaced homemakers	• Current modifications to student aid programs are not sufficient to meet the total costs of retraining.	• Establish a partnership effort, including tuition reductions or waivers by institutions, employer contributions, and government student aid to meet students' living expenses.
INDIVIDUALS NOT IN THE LABOR FORCE		
Welfare recipients	• Receipt of student aid reduces welfare benefits, and welfare benefits reduce eligibility for student aid. • Welfare recipients who borrow have very high default rates.	• Contract for services with trade schools, community colleges, and other organizations to provide education and training. • Allow automatic eligibility of welfare recipients for student aid. • Provide no student aid for living expenses.
Prisoners	• Normal student aid rules are ill-suited to the situation of prisoners.	• Contract for services. • Provide no student aid for living costs.
Ability-to-benefit students and short-term vocational students	• There is often a lack of a good match between training and job market. • These students have the highest default rates.	• Contract for services. • Use student aid programs to provide stipends for living expenses of student and dependents.

The Financial Needs of Nontraditional Students: What We Know and What We Can Do

Martin Kramer

In "Stresses in the Student Financial Aid System,"[1] I argued that the situations of nontraditional students are simply too various for the usual kinds of needs analysis to be applied with real fairness and consistency. This paper will, in a way, reply to that other paper, exploring the question of whether we can nonetheless, work out a small number of groupings in which all such students can be placed. We can then ask whether appropriate student aid treatments can be devised for students in each category, with the objective of a stronger "second system" in which nontraditional students construct their own support packages.

Because nontraditional students are so various, such an exploration requires that we accept, and allow for, the realities of an untidy world. In particular:

1. Many nontraditional students will not fit exactly or comfortably in *any* of a small number of categories.

2. Some anomalies, notch effects, Catch 22s, and the like will remain, and we can only minimize them, not eliminate them altogether.

3. Because of the variety of nontraditional student situations, the treatment for each category should allow for a safety net there should be some access to a financing package that will accommodate individual circumstances.

Three broad categories seem a good place to start this exploration:

Category I: Full-time students who can work only half time or less in a self-supporting job

Category II: Part-time students who can work in a full-time job (because, for example, they are enrolled in evening, weekend, or telecourses)

Category III: Part-time students who cannot work in a full-time job because of handicap or family responsibilities

The problems with this classification are obvious. In times and places of high unemployment, there can be a big difference between being able to work and actually finding a job. Holding a job can make great demands on the good will of employers and the ingenuity of students in scheduling their lives, and sometimes these problems can be insurmountable. There is, further, the bureaucratic problem of who shall certify a student's category, on what evidence, and subject to what kind of accountability? These problems are complicated by the fact that the judgments involved must be prospective. That is, the usual needs analysis approach of looking at base-year financial resources is not adequate. Going back to school may involve giving up some or all of base-year resources. Those making the category determinations would have to ask not about previous earning capacity, but about the earnings potential of the student when enrolled as proposed.

Still, the suggested categories take into account the most important difference in resources among nontraditional students. Those who can keep a full-time job while studying have far more money than those who can't. They commonly enjoy a higher standard of living as well. To ignore this large difference between Category II and the other categories would virtually ensure unfairness in the spreading of available aid funds.

Although it is not my purpose to argue that *only* the three suggested categories do the job of aid-relevant classifications of nontraditional students, other taxonomies do seem much worse. Our criterion for classification must, after all, be financial or economic, because it is the distribution of money we are talking about.

After earnings potential, the next most important difference in the finances of nontraditional students is gift support (or, in some cases, scrounge support) from members of the student's family of origin, or from spouses, roommates, or friends. A student clearly has less financial need (often much less) if he or she receives such resources than if he or she does not. However, we really cannot hope to use such differences in constructing a simple taxonomy of nontraditional students. Remember all the trouble we used to have (some would say, still have) in categorizing students by dependence and independence? Well, the problems of using gift and scrounge resources to make distinctions are *even more difficult* to solve. The resources are not, in many cases, reliable prospectively, and we cannot expect willing documentation, except perhaps from parents and legal spouses.

It doesn't help to move from the income side of a student's budget to the outlay side in looking for simple criteria of categorization. The biggest differences among nontraditional students according to strictly educational outlays is whether or not they have to pay public, private, or public out-of-state tuition. While there are very strong arguments for leveling this playing field, treating students differently on this basis seems politically impracticable.

Thus, if we look for a simple, feasible, and financially relevant taxonomy of nontraditional students, it is hard to find a classification better than one based on earning capacity, as determined by the student's enrollment status, handicapped status, and custodial dependents.

Before thinking about how we should treat students in the three different categories, it is perhaps best to say something more about how we might allow for individuals who would not seem to fit very well in any of the categories. There needs, as pointed out before, to be some safety net in any system that tries to reduce the immense variability of circumstances among nontraditional students to a few clear categories.

Two sources of flexibility could be built into any such scheme. At what might be thought of as the high end of urgent need, a nontraditional student could be allowed to fall back on the traditional need-based system for dependent students. For example, a student recuperating from major surgery could be well enough to go back to college part ,time for a semester, but not well enough to take a job and not really disabled either. If someone can be empowered to make a responsible determination of this state of affairs, the student could receive the same treatment as a dependent student under age 24.

At the other end of the continuum, where a nontraditional student has no great or urgent need, but some need nonetheless, there could be access to an extra amount of unsubsidized borrowing. If, for example, a nontraditional part-time student needed to spend a few months in another town or country to complete a research requirement, and could not be expected to find a job there, then aid could be made available.

It should be added that students attending many institutions have access to discretionary aid funds belonging to the institution. For these students, such funds would constitute a third source of flexibility.

It is not, however, just the student who does not fit neatly into an established category who needs recourse to nonstandard aid. The best-laid financial plan of a nontraditional student can go awry, sometimes suddenly. When resources a student has reasonably counted upon simply evaporate—a job is lost, parental or spousal resources are suddenly needed for something else, or living arrangements change and become more expensive—there must be somewhere to turn. Such students may simply need money to tide them over for a short period, but some recourse is essential.

This need for "give" in the system is so important to nontraditional students that it should not be thought of as just a matter of marginal flexibility. It should be thought of as a major premise in considering funding priorities. Most nontraditional students know that they must depend on earnings and loans to accomplish their objectives. Most probably feel they can accept this dependence, especially if their earnings provide them with a standard of living

higher than that of young full-time and dependent students. It would surely be much harder for them to live with and accept a financial collapse for which there is no remedy. If our priorities are to be set according to what nontraditional students probably want and need, we should give higher priority to funding programs that provide safety-net resources than to programs such as interest subsidies and entitlement grants. Of course nontraditional students would *like* interest subsidies and entitlement grants. The great Catch-22 of the existing system is that they do not get much support of this kind and the more they work, the less they get. But flexible and fail-safe resources are surely more important to them than any well-intentioned parity with the treatment of traditional students.

Given, then, that there should be considerable flexibility to deal with hardship cases, collapse of financial plans, and requirements of individual convenience, what general rules could we have for federally provided aid to students in each of the three categories? For students in the first category (full-time students, part-time earners) the currently available mix of loans and grants seems appropriate. We can say this without deciding exactly what the grant limits and loan limits should be or the desirable proportionality between the two. The purpose of including grants in aid packages for these students would be the economists' rationale: to induce more of the desired behavior, in this case the pursuit of more education. To say that such grants would be for the purpose of avoiding undesirable levels of debt as a condition of enrollment only sounds different; it is really the same rationale.

What of the part-time earnings of these students? If there are adequate fail-safe resources in the system, we can be fairly tough here. In assessing the resources and estimating the need of these students, there could be a high "tax" rate on these earnings, but well short of the 100 percent rate on College Work-Study earnings. The reason, of course, for a lesser rate would be to maintain an incentive to work. Some would say that earnings expectations *should* be "taxed" at 100 percent, but experience suggests that such a standard would end up either too low, or too easy to evade, or both. There is, however, no inconsistency with the three-category scheme in having such a standard expectation.

The need of Category I students remaining after earnings and grants would, of course, need to be met by borrowing. Should these be subsidized loans? It is very hard to see why, for all the reasons opponents of interest subsidies have cited in the past. I have argued above that there is a further reason: These students, so dependent on earnings despite their full-time enrollment, surely need more access to emergency grants within institutional control than they need interest subsidies. Somebody should take the trouble to ask the students if this is not so.

Category II students are a much easier group. If their schedules allow for full-time employment (the criterion for inclusion in this group), then they need not forgo earnings that allow them a good deal more than basic subsistence. Moreover, it is typical of this group (though not defining) that they can expect to go right on earning after they complete their education—that is, they probably can carry a good deal of debt. Indeed, the core members of this group are people already in relatively secure jobs who stand to increase their incomes upon receiving degrees or other credentials. In fact, that often is their reason enrolling.

These students face hardship, to be sure, the hardship of working all day and studying into the night. But this is not a financial hardship or disincentive. The only major financial problem these students face is the bunching of educational expenses at a particular period of their lives.

This situation strongly suggests that Category II students be expected to rely entirely on loans. They are, typically, the best credit risks. Loan limits could be generous, but do not need to be, for these will largely be loans of convenience. And surely these loans do not need to be subsidized. Access to fail-safe aid and, perhaps, some kind of repayment insurance scheme would be all Category II might need if the good prospects they typically enjoy should run up against some disaster.

It is Category III that confronts us with difficult cases. Because they have handicaps or custodial responsibility for other people, these students can neither go to school full time nor engage in much income-producing employment. Unless private resources, spouses, relations, or friends help out, they face years of financial difficulty.

The obvious policy problem regarding the Category III students is to draw a line between how much help they should receive through student aid programs and how much through general income support programs for poor families and the handicapped. Not drawing a line runs two risks: that students will "fall between the cracks" or that they will get duplicate support. Since support for the dependents of the student as well as the student would rapidly deplete scarce aid resources (as traditionally permitted), it would be sensible to draw the line just here: A Category III student should not receive a larger or more favorable standard aid package than a Category I student with low earnings. The rest of the support the student's family needs should come from other sources, or from fail-safe funds as a very last resort.

This sketch of some possible treatments of nontraditional students is perhaps a good stopping place. It stops short of describing the detailed program rules that would be needed to make such a scheme work. That is where the discussion tends to bog down, because any set of program rules immediately gets us into issues of parity of treatment between traditional and nontraditional students. A focus on these issues then causes the discussion to assume that entitlement grants and interest subsidies should somehow be equalized between them.

Instead, I have attempted to draw attention to what I think we know about nontraditional students:

1. Their financial situations are very different from those of traditional students, and from one another.

2. A major difference among them is in the role of earnings in their finances.

3. Earnings are the most plausible basis for distinguishing appropriate aid eligibilities.

4. For many nontraditional students, access to flexible, fail-safe aid is likely to be far more important than grant entitlements and interest subsidies, whether this aid provides parity with traditional students or not.

---

[1] "Stresses in the Student Financial Aid System," in Hauptman, Arthur M. and Koff, Robert H. (eds.), *New Ways of Paying for College*. New York: Macmillan, 1991.

ACE Board of Directors

EXECUTIVE COMMITTEE

Robert L. Albright
President
Johnson C. Smith University, Chair

Hoke L. Smith
President
Towson State University, Vice Chair

Stanley O. Ikenberry
President
University of Illinois
Immediate Past Chair

Marilyn J. Schlack
President
Kalamazoo Valley Community College, Secretary

D. Bruce Johnstone
Chancellor
State University of New York

Johnnetta B. Cole
President
Spelman College

Thomas Gonzales
President
Front Range Community College

Robert H. Atwell
President
American Council on Education

CLASS OF 1991

Tomas A. Arciniega
President
California State University, Bakersfield

Flora Mancuso Edwards
President
Middlesex County College

Stanley O. Ikenberry
President
University of Illinois

D. Bruce Johnstone
Chancellor
State University of New York

Margaret A. McKenna
President
Lesley College

Marilyn J. Schlack
President
Kalamazoo Valley Community College

Harold T. Shapiro
President
Princeton University

Roy B. Shilling, Jr.
President
Southwestern University

CLASS OF 1992

Robert L. Albright
President
Johnson C. Smith University

Marguerite R. Barnett
President
University of Houston

Johnnetta B. Cole
President
Spelman College

Lattie F. Coor
President
Arizona State University

Juliet V. Garcia
President
Texas Southmost College

Edward A. Malloy, CSC
President
University of Notre Dame

Gilbert Sanchez
President
New Mexico Highlands University

Joe B. Wyatt
Chancellor
Vanderbilt University

CLASS OF 1993

Shirley S. Chater
President
Texas Woman's University

Thomas Gonzales
President
Front Range Community College

Franklyn G. Jenifer
President
Howard University

James E. Lyons, Sr.
President
Bowie State University

Hoke L. Smith
President
Towson State University

Niara Sudarkasa
President
Lincoln University

Michael Timpane
President
Teachers College, Columbia University

ASSOCIATION REPRESENTATIVES

Ronald K. Calgaard
President, Trinity University
Association of American Colleges

John S. Keyser
President, Clackamas Community College
American Association of Community and Junior Colleges

John E. Van de Wetering
President, State University of New York at Brockport
American Association of State Colleges and Universities

F. Sheldon Hackney
President, University of Pennsylvania
Association of American Universities

Joseph A. O'Hare, SJ
President, Fordham University
Association of Catholic Colleges and Universities

Thomas Savage, SJ
President, Rockhurst College
Association of Jesuit Colleges and Universities

Keith G. Briscoe
President, Buena Vista College
Council of Independent Colleges

Henry Ponder
President, Fisk University
National Association for Equal Opportunity in Higher Education

Dorothy Ann Kelly, OSU
President, College of New Rochelle
National Association of Independent Colleges and Universities

Donald C. Swain
President, University of Louisville
National Association of State Universities and Land-Grant Colleges

H. Martin Limbird
Director, Center for International Programs, Ball State University
NAFSA: Association of International Educators

Russell Edgerton
President
American Association for Higher Education

Allen P. Splete
President
Council of Independent Colleges

AMERICAN
COUNCIL ON
EDUCATION